

Cabinet

Agenda

MONDAY
1 FEBRUARY 2021
6.30 pm

**THIS MEETING WILL
BE HELD
REMOTELY**

It will be streamed via
YouTube on:

[https://youtu.be/QQcm
EyBU1Dw](https://youtu.be/QQcmEyBU1Dw)

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
22 January 2021

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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 **13** which are exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972, in that they relate to the financial or business affairs of any particular person, including the authority holding the information.

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

PLEASE NOTE that any member of the press and public may listen-in to proceedings at this 'virtual' meeting via the weblink. Members of the press and public may tweet, blog etc. during the live broadcast as they would be able to during a regular Committee meeting at the Town Hall. It is important, however, that Councillors can discuss and take decisions without disruption, so the only participants in this virtual meeting will be the Councillors concerned, the officers advising the Committee and registered speakers who have submitted a valid deputation or petition in advance.

DEPUTATIONS

Members of the public may submit a request for a deputation to the Cabinet on item numbers **4-13** on this agenda using the Council's Deputation Request Form. The completed Form, to be sent to Kayode Adewumi at the above address, must be signed by at least ten registered electors of the Borough and will be subject to the Council's procedures on the receipt of deputations. **Deadline for receipt of deputation requests: Wednesday 27 January 2021.**

COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published by **Tuesday 2 February 2021**. Items on the agenda may be called in to the relevant Accountability Committee.

The deadline for receipt of call-in requests is: **Friday 5 February 2021 at 3.00pm**. Decisions not called in by this date will then be deemed approved and may be implemented.

A confirmed decision list will be published after 3:00pm on **Friday 5 February 2021**.

Cabinet Agenda

1 February 2021

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1. MINUTES OF THE CABINET MEETING HELD ON 4 JANUARY 2021	5 - 19
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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 Standards Committee.</p>	
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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 the proceedings for that discussion.

14.	FORWARD PLAN OF KEY DECISIONS	302 - 334
15.	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 4 January 2021

NOTE: This meeting was held remotely. A recording of the meeting can be watched at on YouTube at: <https://www.youtube.com/watch?v=dXM8uhbEefs&feature=youtu.be>

PRESENT

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

ALSO PRESENT

Shirley Cupit, Chair of Defend Council Homes Unit (DCHU)

INTRODUCTION

Covid-19

The Leader thanked all council officers who had worked hard late into the night over the Christmas holidays, dealing with the issues caused by the pandemic. He also thanked Councillor Sue Fennimore for helping to organize the alternative pensioners' Christmas party and ensure over 600 pensioners had their hot Christmas meals and presents delivered to their homes. He expressed his gratitude to the NHS heroes and everyone who had worked with the Council to save Charing Cross Hospital, that would have been closed by the Government in 2019. The Leader sent his sympathies to the business communities who were struggling with the consequences of the pandemic.

The Leader stated that on Sunday 13 December all London's council leaders were called to an emergency meeting to be given an update on the spread of the virus. The Director of Public Health reported that since the start of December the disease had moved to an exponential speed of growth, with the epicenter in London and Kent. All London's council leaders asked at that meeting for tougher measures to be introduced immediately to contain the movement of people across the country during the second half of December

and further spreading of the virus. However, the Government resisted the call for action. As the disease was now out of control the only solution appeared to be another full lockdown for at least one month.

Following advice by Public Health officials, the Council believed that the way forward was to strengthen schools readiness and security, make more effective online teaching on secondary schools, delay opening all schools for at least one month, calling on the Government to delay the return of students to universities for at least a month to avoid people traveling across the country. Pubs should be fully closed and further test centres should be available on hot spot areas, secondary to the vaccination programme. The Government should also provide an extensive business support mechanism to help the business struggling with the consequences of the lockdown.

The Leader added that H&F Council was urging people to stay at home and only mix with their own bubble. Group sports or any mixing outdoors should not be allowed at this stage. Mask should always be worn outdoors, and always sanitising when touching surfaces outside home. The Leader believed that local governments should be given greater power to enforce some of these measures.

Councillor Larry Culhane thanked all schools within the borough for playing a crucial role in the attempt to control the virus. Most schools remained opened throughout the pandemic for children of key workers and vulnerable children. The inaction of Government was reflected in education, starting with the delay in sorting out the exams results that had been cancelled 4 months earlier. It also imposed a testing scheme for the return to school with a very short notice just before the Christmas break, which should have been introduced months earlier. As a result, teaching staff had to work over Christmas to prepare for the scheme.

The Leader stated that the Council had already spent millions of pounds to deal with the challenges created by this pandemic, and not all the money promised by the Government had been returned. With the second wave, new measures would need to be taken moving forward. He was very grateful to all the officers and Councilors for rising to the challenge.

Hammersmith Bridge

The Leader stated that there had been some rumors that Government Ministers had asked H&F Council to pay a large sum of money towards the Hammersmith Bridge restoration, but the Council had refused, which was untrue. The Council had so far spent £5.7m by comprehensively accessing the damage to the bridge and carrying out works. The Council was also paying approximately £200,000 out of the taxpayers' money to commission a temporary bridge. The plans would be presented to the Hammersmith Bridge Taskforce and the Secretary of State for Transport, Grant Shapps MP, shortly. An additional £2.7m would be spent this year on works on the stabilisation and other factors to stop the bridge falling into the river. These expenses, added to the £25m spent so far on Covid-19 and the future expenditures on the second wave, gave an idea of the financial pressures the Council was facing.

The Leader meet with the Secretary of State for Transport, Grant Shapps MP, on 25 November and was told that the Department for Transport (DfT) wanted a 50% contribution from the Council to the cost of repairing the bridge, amounting to around £64m. He told the Leader that the Council could raise the money by requesting the Borough's taxpayers to pay an increased Council Tax or by using its reserves. The Leader replied that this would not be beneficial to the Council's residents. Moreover, the Council's auditors had recommended that to ensure financial resilience the Council should work to increase reserves over the medium term. The Council could not afford this sum before the pandemic and certainly could not afford it now, when many people were facing unemployment and poverty.

The Leader added that Hammersmith Bridge linked many parts of London and although H&F residents wanted the bridge fixed, they did not believe it was reasonable for them to pay for the majority of those works. He said that the transport minister Baroness Vere wrote to the Leader in October and confirmed that normally bridges were paid by Transport for London (TfL), however, they were not able to contribute with more than £16m. The Council and TfL had put together £22m so far, which was the local offer contribution that Baroness Vere was looking for.

Unfortunately the Hammersmith Bridge Taskforce had never added financing options onto any of the Taskforce meeting's agenda, which had significantly delayed the implementation of any action so far. The Leader had written to the Secretary of State for Transport to highlight this issue and hoped they would find a way forward to get the works moving as quickly as possible. He stressed that the Government, rather than the residents and businesses of Hammersmith & Fulham, should bear the remaining full cost of repairing the bridge.

1. MINUTES OF THE CABINET MEETING HELD ON 7 DECEMBER 2020

RESOLVED:

That the minutes of the meeting of the Cabinet held on 7 December 2020 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

2. APOLOGIES FOR ABSENCE

There were no apologies for absence.

3. DECLARATION OF INTERESTS

There were no declarations of interest.

4. COUNCIL TAX SUPPORT SCHEME 21/22

Councillor Max Schmid stated that the Council Tax Support scheme operated by offering a discount to residents who needed help paying their Council Tax. The Council was determined to support lower income families and was paying £9.1m for the scheme. The Council was proposing no changes to the scheme this year; and this was particularly important in light of the financial challenges residents were facing due to the economic impacts of Covid-19, including the rise in unemployment and the continued increases in living costs.

AGREED UNANIMOUSLY BY CABINET:

It is recommended that Cabinet agrees the following recommendations to be approved by full Council:

1. That the Council Tax Support Scheme in operation in 2020/2021 shall continue in 2021/2022.
2. That the Council shall apply the annual uprating of allowances, applicable amounts and income set out in the DWP Housing Benefit circular to the Council Tax Support scheme for 2021/2022.

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.

5. COUNCIL TAX BASE AND COLLECTION RATE 2021-22 AND DELEGATION OF THE BUSINESS RATE ESTIMATE

Councillor Max Schmid stressed that the Council was committed to continue to lead on Ethical Debt collection by working closely with vulnerable residents and not employing Enforcement Agents for the collection of Council Tax. The 2020/21 Council Tax income had been adversely impacted by the Covid-19 pandemic, with an estimated in-year loss of £6m, which would lead to significant pressures on the Council's budget. The Government had announced that it would fund only 75% of these irrecoverable losses, despite previously having stated that it would be fully funded by the Government.

AGREED UNANIMOUSLY BY CABINET:

That Cabinet approves the following recommendations to Full Council for the financial year 2021/22:

1. That the estimated numbers of properties for each Valuation Band as set out in this report be approved.
2. That an estimated collection rate of 97.0% be approved.
3. That the Council Tax Base of 80,930 Band "D" equivalent properties be approved.
4. To delegate authority to the Director of Finance in consultation with the Cabinet Member for Finance and Commercial Services, to determine the business rates tax base for 2021/22.
5. To note the provisional in-year 2020/21 council tax collection fund deficit of £6m and that the estimate will continue to be reviewed. The overall deficit, taking account of prior years, is estimated at £5.550m.
6. To confirm, subject to confirmation of an estimated financial benefit, that the London Borough of Hammersmith and Fulham wishes to continue in a pan-London business rates pool in 2021/22.

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.

6. CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2020/21 (SECOND QUARTER)

Councillor Max Schmid stated that this report provided detailed analysis of the Council's capital programme financial position and highlighted any potential risks and their impact on the Council's resources. He noted that despite the financial pressures, the Council was still fully committed to build affordable housing.

AGREED UNANIMOUSLY BY CABINET:

1. To approve the proposed budget variations to the capital programme totalling £9.1m (summarised in Table 1 and detailed in Appendix 2).

2. To note the potential risks regarding the Housing Capital Programme, as summarised in paragraphs 26, 27 and 28.
3. To approve budget amendments of £1,016,000, funded from borrowing, to complete transport and parks schemes for which expected TfL grants and section 106 contributions are no longer available (see Appendix 2 for detail).
4. To approve funding from borrowing of £455,000 for previously approved transport schemes for which S106 and TfL funding contributions are no longer available.

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.

7. CORPORATE REVENUE MONITOR MONTH 6 (SEPTEMBER 2020)

Councillor Max Schmid paid tribute to the finance officers as – with the exclusion of the financial difficulties caused by the pandemic – the Council was in a better position this year than in the previous year due to the financial mitigation measures put into place by officers.

AGREED UNANIMOUSLY BY CABINET:

1. To delegate authority to the Director of Finance, in consultation with the Cabinet Member for Finance and Commercial Services, to take all decisions necessary to facilitate the closing of the final accounts.
2. To approve the General Fund virements of £0.610m as detailed in appendix 9.
3. To note General Fund forecast, overspend of £5.722m and requirement for urgent further action to significantly reduce the forecast overspend.
4. To note the Housing Revenue underspend of £0.948m.
5. To note the in-year Dedicated Schools Grant overspend of £3.558m.

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.

8. DEFEND COUNCIL HOMES POLICY

The Leader thanked Shirley Cupit, Chair of Defend Council Homes Unit (DCHU), for all her hard work done on the Defend Council Homes Policy. He stressed that this policy represented a major landmark in delivering the Council's commitment to protect Council homes now and in the future. He added that this Administration had also saved the West Kensington and Gibbs Green Estates from demolition.

Councillor Lisa Homan stated that the Council had been through a number of stages and process to get to this stage. In 2017 the Council set up the Defend Council Homes Unit to look at new ways of safeguarding the homes of council tenants and leaseholders, chaired by Shirley Cupit, a resident whose home had been at risk of demolition. This policy had been through a very robust consultation with residents. She thanked Shirley Cupit and all residents involved in creating this policy and highly recommended it for Cabinet approval.

Shirley Cupit, Chair of DCHU, stated that this policy would give a legal protection to residents and the opportunity to have a saying on decisions that would affect their homes. She added that this policy was not anti-development but against the non-involvement of residents on these decisions. The consultation had received over 1,000 individual responses from residents – and impressive result considering it had been carried out in the middle of a pandemic. The responses had been overwhelmingly in favour of the policy: 92% of respondents supported its introduction. She added that this policy showed how this Council genuinely wanted to listen to its residents and she wholeheartedly recommended it for Cabinet approval.

AGREED UNANIMOUSLY BY CABINET:

That Cabinet:

- 1) Carefully considers all responses to the section 105 consultation on the Defend Council Homes Policy and notes the significant level of support for the Policy from residents living in Council homes.
- 2) Agrees that the Defend Council Homes Policy, attached as Appendix 1, be formally adopted as a policy of the Council and that all necessary steps, including but not limited to entering into any necessary documents, be taken to implement the policy.

- 3) Authorises the Head of Law to register a restriction on title with HM Land Registry of all freehold titles within the Housing Revenue Account (HRA) as follows: “No disposition of the registered estate by the proprietor of the registered estate is to be registered without a certificate signed by Hammersmith and Fulham Council [or their conveyancer] that the provisions of the Defend Council Homes Policy (in the terms in effect as at the date of certificate) have been complied with or that they do not apply to the disposition”.
- 4) Approves that the one-off costs of implementation of up to £140,000 are funded from:
 - a. the current balance of £46,700 held in the earmarked reserve for “Protecting the future of Council homes”;
 - b. existing revenue budgets of £93,300 within the Place division of the Housing Revenue Account.
- 5) Agrees the timetable for implementation set out in the next steps and timeline section.

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.

9. PROCUREMENT STRATEGY FOR TRAVEL CARE TAXI SERVICES

Councillor Larry Culhane explained that the current Taxi Travel Care Framework was due to expire on 25 May 2021 with no option to extend, therefore a re-procurement of a taxi passenger transport service was required. The Council wanted to procure again from 2021 on a similar basis and would invest more money and provide a much better service than the framework inherited by the Tri-borough agreement, which had already been terminated.

Councillor Ben Coleman stated that he was delighted that this new framework would ensure that safe transport would be provided for some of the most vulnerable children and young people in the borough. There had been issues reported by parents about the unsafe transport of disable children to school offered by the provider. Therefore, since 2014 there was a determination to change this Tri-borough contract, which was only about transport and had nothing about caring for vulnerable young people.

Councillor Sue Macmillan, the Cabinet Member for Children and Education in 2014, endorsed Councillor Coleman’s comments and reiterated that the former contract was not suitable or appropriate for children with special needs.

However, the new procurement would result in the provision of an optimum service.

AGREED UNANIMOUSLY BY CABINET:

That Cabinet approves the procurement strategy, attached as Appendix A, to run an open procedure to establish a framework for the provision of travel care taxi services for a period of 4 years from May 2021.

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.

10. UPDATE TO COLLABORATION AGREEMENT FOR CHILDREN'S SOCIAL CARE

Councillor Larry Culhane stated that in 2018 the Council left the Tri-borough agreement for substantive children's services, but some services had still remained. This report was seeking approval to terminate the collaborative delivery in three areas, the main one being the Local Safeguarding Children's Partnership service. Returning the services to sovereign delivery in H&F would enable greater control and improved integration of services across Children's Social Care.

AGREED UNANIMOUSLY BY CABINET:

1. To vary the Collaborative Delivery Agreement dated 5 April 2018 between the London Borough of Hammersmith and Fulham, Royal Borough of Kensington and Chelsea and Westminster City Council from 1 April 2021, unless agreed otherwise, to enable H&F to terminate its involvement with the collaborative delivery of:
 - the Children's Placements Service; and
 - the Local Safeguarding Children's Partnership;
 - and to reduce H&F's financial contribution of £150k per annum towards the Action for Change Programme by approximately 50%;
2. To delegate authority to the Chief Executive Officer to approve any future variations, extensions or disaggregation or termination (in full or in part) by H&F of the Collaborative Delivery Agreement.

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.

11. PROCUREMENT STRATEGY FOR SCHOOL MEALS

Councillor Larry Culhane stated that the current contract could not be extended so there was a need for a re-procurement. School Meals service was used by children and young people in H&F, which ensured that school aged children in the Borough were offered at least one nutritionally hot meal each day in schools. There was no requirement for a school to enter into this new arrangement, but they would need to make their own arrangements that would work better for them.

AGREED UNANIMOUSLY BY CABINET:

1. Appendix A and Appendix B are not for publication on the basis that they contain information relating to the financial or business affairs of any particular 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 approve the procurement strategy at Appendix A of this report to run a mini competition under ESPO Catering Services framework 704_18 Lot 1 (Education). The estimated contract value is as detailed in Appendix A.

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.

12. ROUGH SLEEPING SERVICES PROCUREMENT STRATEGY

Councillor Lisa Homan informed that the procurement strategy for eight existing service contracts for rough sleepers and people with a history of homelessness was approved by Cabinet in February 2020. However, it did not get implemented due to the impact of the pandemic. The revised procurement strategy proposed to procure three new contracts for rough sleepers to replace existing contracts.

Councillor Sue Fennimore stated that this strategy gave an opportunity to build on the excellent work being done by the Council to end rough sleepers in the Borough and to support vulnerable people with a better and more cohesive service.

AGREED UNANIMOUSLY BY CABINET:

1. Appendix 2 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular 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. That the Business Case & Procurement Strategy for the procurement of three new Rough Sleeping Services contracts as set out in Appendix 1 attached is approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

13. CONTRACT AWARD FOR MAJOR REFURBISHMENT WORKS TO MAYSTAR ESTATE W14

Councillor Lisa Homan stated that this report was seeking approval to award a contract for the major refurbishment of various housing properties comprising the Maystar Estate W14. This project was one which the Council had committed to deliver as part of the Asset Management Compliance Strategy and Capital Programme.

AGREED UNANIMOUSLY BY CABINET:

1. Appendices 1, 2 and 3 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular 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. That Cabinet approves, subject to completion of consultation with affected leaseholders under Section 20 of the Landlord and Tenant Act 1985, the appointment of Axis Europe PLC via the South East Consortium Internal and External Works Framework ("SEC") Lot 1b: Major Refurbishment over £1m, to undertake major refurbishment works to the Maystar estate W14 for a sum of £5,179,155.65. The project is expected to be awarded on 18th January 2021 with a site completion date of 17th January 2022.
3. That Cabinet approves a contingency sum detailed in exempt Appendix 3 to deal with any unforeseen works that may arise during the delivery of the project.
4. That Cabinet approves a budget of £20,000 for miscellaneous costs that may arise outside of the contract, generally internal recharges to other council services such as planning or building control fees, parking suspensions, arboricultural advice.

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.

14. DISPOSAL OF LAND - WATERMEADOW COURT, WATERMEADOW LANE, LONDON, SW6 2RW

Councillor Andrew Jones stated that this report was seeking approval to dispose of the Watermeadow Court site to Peabody Housing Association and Mount Anvil. The conditions of sale included delivery of 50% (108) genuinely affordable homes on the site. This represented a significant improvement on the consented scheme which delivered only 17% affordable homes. The expectation was that construction of the project would start in the summer of 2021 and complete by summer 2024. The Council would have nomination rights to the affordable rent homes ensuring that all homes would be available to residents of the borough.

AGREED UNANIMOUSLY BY CABINET:

1. Appendices 2, 3, 4 & 5 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 and/o information in respect of which a claim to legal professional privilege could be maintained in legal proceedings as set out in paragraph 5 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve the disposal of the Land, shown marked in red on the plan attached at Appendix 1, to Mount Anvil New Holdings Ltd or another company controlled by Mount Anvil and Peabody under a land sale agreement on a 255-year lease at the consideration set out in exempt appendix 2.
3. To delegate authority to the Strategic Director for Economy in consultation with the Head of Law to agree the contracts of sale with Mount Anvil New Holdings Ltd or another company controlled by Mount Anvil and Peabody based on the terms set out in the report and exempt appendix 3 and approve any other necessary documents to complete the sale.

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.

15. HARTOPP POINT & LANNOY POINT SITE - NEW COUNCIL HOMES

Councillor Andrew Jones stated that the buildings on this site were due to be demolished after surveys had identified serious structural defects. Therefore, there was a need for redevelopment and an opportunity to increase the number of genuinely affordable housing on the site. Following extensive consultation with the local residents, this report was seeking budget approval to take the project forward and proceed with design development.

Councillor Lisa Homan stated that the work done with residents was a testament of how the Council should be consulting with residents on anything that might affect them. The Council had made the commitment to carry on engaging with residents throughout the consultation process going forward.

AGREED UNANIMOUSLY BY CABINET:

1. Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular 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 consider, this Stage 1 (Feasibility) Development Appraisal Report and approve progression to Stage 2 (Planning) and Stage 3 (Procurement), for Hartopp Point and Lannoy Point site, Dawes Road, Fulham SW6.
3. To approve a project development budget of £3,715,262 for progression and delivery up to and including LBHF's development stage 2 (i.e.: Planning or RIBA Stages 2 & 3) & stage 3 (i.e.: Procurement or RIBA Stage 4) to be funded from:
 - i. a previously approved budget of £250,000 for early feasibility work
 - ii. underspends of £198,062 and £500,000 from the previously approved CPO and acquisition budgets respectively for Hartopp Point and Lannoy Point
 - iii. a new budget of £2,767,200 from HRA borrowing.
4. To delegate authority to the Strategic Director for the Economy in consultation with the Cabinet Member for the Economy to extend appointments of the consultant teams beyond RIBA stage 1, in line with recommendation 1.2.

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.

16. FORWARD PLAN OF KEY DECISIONS

The Key Decision List was noted.

17. ANY OTHER BUSINESS

The Leader noted that the Prime Minister would be broadcasting at 8pm tonight. He stressed that we were living on unprecedented times and the scale of the spread of the virus was worse now than during the first wave. He

believed that a lockdown was imminent and urged everybody to stay at home to save lives and stop the spread of the virus and not mix with anyone outside their bubble. This would help containing the length of the lockdown and save business and livelihoods.

Meeting started: 6.10 pm
Meeting ended: 8.05 pm

Chair

Agenda Item 4

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 01/02/2021

SUBJECT: Revenue Budget And Council Tax Levels 2021/22

Report of: Leader of the Council – Councillor Stephen Cowan

Responsible Director: Director of Finance – Emily Hill

Summary

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

The 2021/22 revenue budget proposals are set out regarding:

- Council tax levels
 - Investment and savings proposals
 - Changes to fees and charges
 - Budget risks, reserves and balances
 - Equalities Impact Assessments
-

Recommendations

That Council, for the reasons set out in this report and appendices, agrees:

1. To increase the Hammersmith & Fulham element of council tax by 1.99% for 2021/22, as modelled by the government in their spending power calculations for local government.
2. To apply the “adult social care precept” levy of 3% for 2021/22, as modelled by the government in their spending power calculations for local government.
3. To set the Council’s own total net expenditure budget for 2021/22 at £124.458m.
4. To approve £7.885m of new investment on key services for residents.
5. To approve fees and charges as set out in paragraph 13 below including freezing charges in adult social care, children’s services and general fund housing.
6. To note the budget projections to 2024/25 made by the Director of Finance in consultation with the Strategic Leadership Team.

7. To note the statement of the Director of Finance, under Section 25 of the Local Government Act 2003, regarding the adequacy of reserves and robustness of estimates (paragraph 48).
8. To approve the reserves strategy and realignment of reserves as set out in Appendix J and Appendix K.
9. To require all Directors to report on their projected financial position compared to their revenue estimates in accordance with the Corporate Revenue Monitoring Report timetable.
10. To authorise Directors to implement their service spending plans for 2021/22 in accordance with the recommendations within this report and the Council's Standing Orders, Financial Regulations, relevant Schemes of Delegation and undertake any further consultation required regarding the Equalities Impact Assessment.
11. Set the Council's element of council tax for 2021/22 for each category of dwelling, as outlined in the table below and in full in Appendix A and calculated in accordance with Sections 31A to 49B of the Localism Act 2011.

Category of Dwelling	A	B	C	D	E	F	G	H
Ratio	6/9 £	7/9 £	8/9 £	1 £	11/9 £	13/9 £	15/9 £	18/9 £
a) H&F	554.64	647.08	739.52	831.96	1,016.84	1,201.72	1,386.60	1,663.92

12. To note the element of council tax to be charged by the Greater London Authority in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings as shown in the table below

Category of Dwelling	A	B	C	D	E	F	G	H
Ratio	6/9 £	7/9 £	8/9 £	1 £	11/9 £	13/9 £	15/9 £	18/9 £
b) GLA	242.44	282.85	323.25	363.66	444.47	525.29	606.10	727.32

13. That the overall Council Tax to be set at £1,195.62 per Band D property as follows

Category of Dwelling	A	B	C	D	E	F	G	H
Ratio	6/9 £	7/9 £	8/9 £	1 £	11/9 £	13/9 £	15/9 £	18/9 £
a) H&F	554.64	647.08	739.52	831.96	1,016.84	1,201.72	1,386.60	1,663.92
b) GLA	242.44	282.85	323.25	363.66	444.47	525.29	606.10	727.32
c) Total	797.08	929.93	1,062.77	1,195.62	1,461.31	1,727.01	1,992.70	2,391.24

14. To authorise the Director of Finance to collect and recover National Non-Domestic Rate and Council Tax in accordance with the Local Government Finance Act 1988 (as amended), the Local Government Finance Act 1992 and the Council's Scheme of Delegation.

Wards Affected: All

H&F values	Summary of how this report aligns to the H&F Priorities
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.
Creating a compassionate council	The Council intends to apply 3% of the government modelled adult social care levy for 2020/21 to ensure that we can continue to invest and protect services for some of our most vulnerable residents.

Financial Impact

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

Legal Implications

1. The Council is obliged to set the council tax and a balanced budget for the forthcoming financial year in accordance with the provisions set out in the body of the report.
2. In addition to the statutory provisions the Council must also comply with general public law requirements and, in particular, it must take into account all relevant

matters, ignore irrelevant matters and act reasonably and for the public good when setting the Council Tax and budget. The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term and that the interests of council tax payers and ratepayers on the one hand and the users of Council services on the other are both taken into account. The recommendations contained in the report have been prepared in line with these requirements.

3. Section 30 of the Local Government Finance Act 1992 provides that no amount of council tax may be set before the earlier of the following— (a) 1st March in the financial year preceding that for which the amount is set; (b) the date of the issue to the authority of the last precept capable of being issued to it (otherwise than by way of substitute) by a major precepting authority for the financial year for which the amount is set. The GLA precept is due to be agreed at its meeting of 25 February 2021 in advance of the Hammersmith & Fulham council tax setting meeting.
4. Section 25 of the Local Government Act 2003 requires the Director of Finance to report on the robustness of the estimates made for the purposes of budget calculations and the adequacy of the proposed financial reserves. The Council must take these matters into account when making decisions about the budget calculations.
5. A public authority must, in the exercise of its functions, comply with the requirements of the Equality Act 2010 and in particular section 149, the Public Sector Equality Duty (“PSED”). Members need to consider this duty in relation to the present proposals. In addition, where specific budget proposals have a potential equalities impact these are considered and assessed by the relevant service as part of the final decision-making and implementation processes and changes made where appropriate.
6. The protected characteristics to which the PSED applies are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race/ethnic/national origin, sexual orientation, religion or belief and sex.
7. The PSED provides (so far as relevant) as follows:
 - (1) *a public authority must, in the exercise of its functions, have due regard to the need to:*
 - (a) *eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
 - (b) *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
 - (c) *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;

(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;

(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

(4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to —

(a) tackle prejudice, and

(b) promote understanding.

(6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

8. Case law has established the following principles relevant to compliance with the PSED which the Council will need to consider:

(i) The PSED is an integral and important part of the mechanisms for ensuring the fulfilment of the aims of anti-discrimination legislation.

(ii) The duty to have "due regard" to the various identified "needs" in the relevant sections does not impose a duty to achieve results. It is a duty to have "due regard" to the "need" to achieve the identified goals.

(iii) Due regard is regard that is appropriate in all the circumstances, including the importance of the area of life of people affected by the decision and such countervailing factors as are relevant to the function that the decision-maker is performing.

(iv) Although the weight to be given to equality issues and countervailing factors is for the decision-maker, it is for the Court to determine whether "due regard" has been given. This will include the court assessing for itself whether in the circumstances appropriate weight has been given by the authority to those "needs" and not simply deciding whether the authority's decision is a rational or reasonable one.

(v) The duty to have "due regard" to disability equality is particularly important where the decision will have a direct impact on disabled people. The same goes for other protected groups where they will be particularly and directly affected by a decision.

(vi) The PSED does not impose a duty on public authorities to carry out a formal equalities impact assessment in all cases when carrying out their functions, but where a significant part of the lives of any protected group will be directly affected by a decision, a formal Equalities Impact Assessment ("EIA") is likely to be required by the courts as part of the duty to have 'due regard'.

(vii) The duty to have 'due regard' involves considering not only whether taking the particular decision would unlawfully discriminate against particular protected groups, but also whether the decision itself will be compatible with the equality duty, i.e. whether it will eliminate discrimination, promote equality of opportunity and foster good relations. Consideration must also be given to whether, if the decision is made to go ahead, it will be possible to mitigate any adverse impact on any particular protected group, or to take steps to promote equality of opportunity by, for e.g., treating a particular affected group more favourably.

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

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

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

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

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

9. All these matters have been, or will be, considered by service departments as part of the final decision-making and implementation processes, but must also be considered by the Council when taking its decision.

10. To assist the Council in fulfilling its PSED, an EIA in respect of the proposed overall budget is attached to this report at Appendix G. This Appendix includes a screening of all budget measures undertaken to ensure that the equality duty has been considered where appropriate. These will need to be carefully read and taken into account by the Council, together with the requirements of the PSED itself set out above, in reaching a decision on the recommendations in this report.

11. Section 106, Local Government Finance Act 1992, applies to Members where:

- they are present at a meeting of the Council, the Cabinet or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months; and
- any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

12. In these circumstances, any such Members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter. Such Members are

not debarred from speaking. Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

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Background Papers Used in Preparing This Report – none

BUDGET OVERVIEW

1. The Council's budget proposals are brought forward during a period of national crisis. The Covid-19 pandemic and health emergency has been accompanied by unprecedented economic uncertainty and the deepest recession on record. The direct impact of the crisis continues to impact on the council as it responds to the pandemic with an increased demand for services and loss of income. Longer-term the expected economic downturn and need to reset public finances, whilst at the same time increasing demand on services, will place a further strain on local government. The 2021/22 budget is mindful of the need for future financial resilience as the council plays an important role in the local recovery from the pandemic.
2. **A 1.99% increase in Hammersmith & Fulham council tax is recommended** which will raise income of £1.28m in 2021/22. This level of council tax increase is modelled by the government in their funding settlement for local government. The additional income will fund increasing costs and support investment in, and protect, key services for residents and strengthen future financial resilience. The Band D council tax charge for Hammersmith & Fulham is the third lowest in the country and 35% below the London average charge.

3. **A 3% adult social care precept** is proposed to generate additional income of £1.92m. In the absence of a promised national review of the funding of adult social care, the government has modelled an adult social care precept since 2016/17. In the first years of the levy, Hammersmith & Fulham were determined not to apply the levy despite the fact the Council's funding from government was modelled on the assumption that it would. Due to the continued high levels of inflation and instability in the social care market, the impact of the Covid-19 pandemic and the government's continued failure to propose a long-term funding solution to social care funding, the Council proposes to accept the need for the 3% government's adult social care levy for 2021/22. The total levy increase for Hammersmith & Fulham over the 6 years to 2021/22 will be 7% compared to the 13% increase assumed by the government. Hammersmith & Fulham is using such funding to support adult social care.
4. **General government grant funding** has increased by an estimated £3.3m from 2020/21 to 2021/22. This is well below the increase in the Council's costs due to inflation, demographic pressures and the Covid-19 health and economic crisis. Overall government funding has reduced by £64m from 2010/11 to 2021/22 - a real terms funding cut of 53%.
5. **Investment of £7.9m** has been provided to meet the costs of statutory obligations, demographic, service and demand pressures and key resident priorities. Budget provision is also made regarding the ongoing consequences of Covid-19.
6. **Savings of £6.9m** have been put forward to balance the 2021/22 budget.
7. The budget proposals include measures to strengthen the Council's future financial resilience by **contributing one-off resources of £1.1m to general balances**. In addition a one-off contingency of £1.1m is set aside regarding Covid-19 financial pressures. The Council faces significant future financial risk with particular uncertainty regarding the impact of the Covid-19 pandemic, future government funding allocations, the potential impact of Brexit and increasing demand for services.

THE COUNCIL TAX REQUIREMENT

8. The Council's current gross General Fund budget rolled forward to 2021/22 is £528m, of which £156.9m (the budget requirement) is funded from Council resources (such as council tax and business rates) and general government grant.

Table 1 : 2021/22 budget requirement

Budgeted expenditure (2020/21)	£m
Housing benefit payments	111
Departmental budgets	417
Gross budgeted expenditure	528
Less:	
Specific government grant (including housing benefits and dedicated schools grant)	(243)
Fees and charges	(67)

Contributions (e.g. health)	(44)
Other income (e.g. investment interest, rentals, recharges)	(17.1)
Base budget requirement rolled forward to 2021/22	156.9

9. The Band D council tax charge is calculated by dividing the council tax requirement by the council tax base¹. The determination of the 2021/22 council tax requirement is set out in Table 2. The medium-term forecast, to 2024/25 is set out in Appendix B.

Table 2: The council tax requirement

	£000s
Base gross budget rolled forward from 2020/21	156,902
Plus/minus:	
Inflation	4,132
Investment and impact of Covid-19	7,885
Increase in the net cost of borrowing	800
Savings and change proposals	(6,689)
Adjustment for one off items	(1,100)
One-off Covid-19 contingency	1,096
Contribution to general balances (one-off items)	1,100
Gross budget requirement	164,126
Revenue Support Grant	(17,506)
Other general grants	(20,772)
Use of developer contributions	(1,700)
Collection Fund deficit	400
Net budget requirement for 2021/22	124,458
Less:	
Locally retained business rates (section 8)	(57,217)
2021/22 council tax requirement (including the adult social care precept)	67,331

INFLATION AND INVESTMENT

Inflation

10. **Provision for contract inflation** of £4.1m has been made. £2.4m relates to social care with the Covid-19 pandemic increasing costs, and causing staff shortages, for residential and nursing care providers.
11. Further to the government Spending Review 2020 (SR20) announcement a pay freeze is modelled – there is a risk that, as local government nationally has separate

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

pay negotiations and agreements to central government, the council may need to award pay inflation in 2021/22 in line with any national agreement.

12. For non-statutory fees and charges, it is recommended that:

- they are frozen for Adult Social Care, Children's Services and Housing.
- a standard uplift of 1.7%, based on the July 2020 Retail Price Index, is applied for other non-commercial and non-parking fees.
- commercial services that are charged on a for-profit basis, will be reviewed on an ongoing basis in response to market conditions and varied up and down as appropriate, with appropriate authorisations according to the Council constitution.
- parking charges and fines are set in line with transport policy objectives and are not considered as part of the budget process.

The current proposed exceptions to the standard 1.7% increase and policies above are set out in Appendix F.

Investment

- 13 Investment in services is provided through the budget process as necessary. This investment is required to fund increases in cost as a result of demographic growth and other increases in demand and to fund council priorities. In addition, for 2021/22 the budget makes time limited provision for increased costs or lost income expected as a result of Covid-19 pandemic and economic downturn. This is detailed in Appendix C and summarised in Tables 3 and 4.
- 14 As part of the budget review and challenge process departments have brought forward detailed proposals that have enabled spend pressures to be addressed directly. Such budget mitigations have partially offset the need for new investment.

Table 3: 2021/22 investment proposals

Department	£m
Children's Services	1.6
Social Care	2.4
The Economy	1.2
Environment	1.1
Finance	0.1
Resources	0.0
Council Wide	1.5
Total investment	7.9

Table 4: Categorisation of investment proposals

Growth categories	£m
Increase in demand/ demographic growth	2.4
Resident priority	0.5
Budget pressure / increase in contingency	2.3
Impact of Covid-19/ economic downturn	2.7
Total	7.9

SAVINGS AND INCOME GENERATION

- 15 The proposed savings are detailed in Appendix C and summarised in Tables 5 and 6. In addition a further short-term saving of £1.1m (for 2021/22 and possibly to a lesser extent 2022/23) will arise regarding the cost of the concessionary fares scheme (freedom pass). This is due to lower usage during lockdown and impact on passenger usage of public transport in response to the Covid-19 pandemic. As a short-term saving this sum will be added to general balances in line with the council's reserves strategy.

Table 5: 2021/22 savings proposals

Department	£m
Children's Services	0.7
Social Care	2.0
Reinvestment of public health	0.9
The Economy	1.1
Environment	1.1
Finance	0.4
Resources	0.5
Total savings	6.7

Table 6: Categorisation of 2021/22 savings

Savings categories	£m
Commercialisation / income	0.5
Prevention	1.0
Procurement / commissioning	1.4
Service rationalisation / budget reduced in line with spend	1.1
Service reconfiguration	1.1
Staffing / productivity	1.6
Total	6.7

GOVERNMENT GRANT, DEVELOPER AND BUSINESS RATES FUNDING

- 16 The government funding receivable is detailed in Appendix E. On a like-for-like basis, there is expected to be a net increase in the general grant funding (in cash terms) of £3.3m compared to 2020/21. This includes additional one-off local council tax support grant of £1.4m in recognition of the loss of income arising from providing increased levels of local council tax support due to the Covid-19 pandemic. The Hammersmith & Fulham budget proposals allow for £0.6m of this grant to be held as a contingency against Covid-19 budget pressures. All grant allocations are provisional, based on the draft local government settlement and other grant notifications and will not be confirmed until the final settlement is published in the new year.
- 17 Ringfenced grants, which can only be used for a specific purpose, are currently forecast to have increased by £0.404m from 2020/21 to 2021/22. This forecast will be updated as more announcements are confirmed. It is assumed that such grants will have a neutral impact on the budget requirement as they will be matched against spend commitments.
- 18 The business rates forecast is summarised in Appendix H. The impact of Covid-19 on future business rates income is unknown but experience of collection to date and concerns around revised business rate valuations suggests it likely to be negative in the short and medium term. The budget assumes that Hammersmith & Fulham will receive the minimum amount guaranteed, the safety net threshold, by government. This is £57.2m for 2021/22. For years beyond 2021/22 a 2% inflationary increase to the safety net is modelled.
- 19 Hammersmith & Fulham currently participates in the pan-London business rates pool which enables more business rates growth to be retained within London. The latest estimated pool benefit for Hammersmith & Fulham is £580,000 for 2020/21. An updated forecast is due in January and the final benefit will be known next September. This sum is not included within the Hammersmith & Fulham financial forecast and will be added, if confirmed, as a one-off contribution to reserves. Due to the impact of Covid-19 on businesses it is expected that the final pool benefit will be lower than previously estimated. Due to concerns regarding the impact of Covid-19 on future business rates income, and no assurance/guarantee from government on future support, the financial case for pooling in 2021/22 is not strong and there has been a collective withdrawal. Future review will be undertaken to see if the pool can be relaunched in 2022/23.
- 20 Planning obligations under section 106 of the Town and Country Planning Act 1990 (as amended), known as section 106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development. Property developments have placed increased pressure on council services in recent years.
- 21 The Council has determined that a key priority area for the investment of available section 106 funds with general purposes is the provision of enhanced community

enforcement and safety arrangements. The 2021/22 budget assumes that annual contributions of £1.7m are invested to fund enhanced arrangements in this area and this can be met from receipts currently in hand. Additional funds have been committed in 2021/22 to fund the additional costs of the new Integrated Enforcement team and the Gangs, Violence and Exploitation Unit.

- 22 A number of section 106 agreements have been negotiated which will result in the receipt of additional funds in the future. There is a level of uncertainty and risk around the receipt of future section 106 funds as this relies on developments commencing and achieving specified trigger points which may be delayed or not progressed due to the impact of Covid-19 and the economic downturn. The Council will continue to monitor the receipt of section 106 funds expected in the short and medium term, where the level of uncertainty around trigger points increases.

HAMMERSMITH AND FULHAM'S COUNCIL TAX REQUIREMENT

- 23 On 20 January 2021 Council agreed a Council Tax Base of 80,930 equivalent Band D properties for 2021/22. Therefore, the Council's element of the council tax for Band D properties can be calculated as followed:

<u>Total Council Tax Requirement</u>	=	<u>£67,330,523</u>	=	£831.96	Band
D					
Tax Base (Band D equivalent)		80 930			

- 24 This represents an increase in the Hammersmith & Fulham element of the council tax charge of 1.99% and a 3% levy for the adult social care precept.
- 25 A 1.99% increase in the Hammersmith % Fulham, element of council tax will generate additional income of £5.2m over 4 years and £1.28m in the first year. This will add £15.77 per annum (4.3p per day) to the Band D council tax charge. As set out below just over half of dwellings in Hammersmith & Fulham are liable for 100% council tax with exemptions/ discounts for council tax support claimants, students, care leavers and single person households.

Table 9: Liability for council tax

Total dwellings in the borough	91,550
Reductions:	
Exemptions (mainly students, includes care leavers)	(4,161)
Council tax support claimants (elderly people & working age on low income)	(12,009)
Single person discount (25% discount)	(28,180)
Dwellings liable for 100% of council tax	47,200
	52%

- 26 The government's modelled adult social care precept of 3% will generate additional income of £7.7m over 4 years and £1.92m in 2021/22. This will increase the Band D council tax charge by £23.77 per annum (6.5p per day).

- 27 The overall increase in the London Borough of Hammersmith & Fulham element of the Band D charge, including the government's modelled 3% adult social care precept, is £39.54 (10.8p per day).

PRECEPTOR'S COUNCIL TAX REQUIREMENTS

- 28 The Greater London Authority's precept is also funded from council tax. The following table analyses the total amount to be funded and the resulting proposed overall Band D council tax level. The Mayor has proposed a Band D charge of £363.66. This is subject to formal approval by the Mayor following the London Assembly meeting of 25 February. The preceptors budget requirement will be amended should there be a change to the Mayor's proposed Band D charge.

$\frac{\text{Preceptor's Budget Requirement}}{\text{Tax Base (Band D equivalent)}} = \frac{\text{£29,431,004}}{80,930} = \text{£363.66 Band D}$

- 29 The proposed charge represents an increase of £31.59, or 9.5%, compared to 2020/21.

OVERALL COUNCIL TAX REQUIREMENT 2021/22

- 30 The overall amount to be met from the council tax, subject to confirmation of the GLA precept, is £96.762m. This will provide a balanced budget with £1.1m added to General Fund balances.

Table 10: Overall 2021/22 council tax requirement

London Borough of Hammersmith & Fulham	£67,330,523
Greater London Authority (proposed)	£29,431,004
Total requirement for council tax	£96,761,527

- 31 In accordance with the Local Government Finance Act 1992, the Council is required to calculate and approve a council tax requirement for its own budgetary purposes (section 9) and then add the separate council tax requirements for each of the preceptors (section 10). The requisite calculation is set out in Appendix A.
- 32 The Council must then set the overall council tax for the Borough. These calculations must be carried out for each of the valuation bands, A to H. The amount per Band D equivalent property is calculated as follows:

$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base (Band D equivalent)}} = \frac{\pounds 96,761,527}{80,930} = \pounds 1,195.62 \text{ Band D}$
--

CONSULTATION

Non-Domestic Ratepayers

- 33 In accordance with the Local Government Finance Act 1992, the Council has consulted with non-domestic ratepayers on the budget proposals. The consultation can have no effect on the business rate, which is set by the Government.

Policy and Accountability (PAC) Committees

- 34 As part of the consultation process the budget proposals have been reviewed by the relevant PAC Committees.

VIEWS OF THE DIRECTOR OF FINANCE

The robustness of the budget estimates

- 35 Under Section 25 of the Local Government Act 2003, the Director of Finance is required to include, in the budget report, her view of the robustness of the 2021/22 estimates.
- 36 Budget estimates are exactly that, estimates of spending and income at a point in time. This statement about the robustness of estimates cannot give a guaranteed assurance about the budget but gives Members reasonable assurances that the budget has been based on the best available information and assumptions. For the reasons set out below the Director of Finance, is satisfied with the accuracy and robustness of the estimates included in this report:
- The budget proposals have been developed following guidance from the Director of Finance and have been through a robust process of development and challenge with the Strategic Leadership Team, service directors and managers and cabinet members.
 - Contract inflation is provided for.
 - The revenue budget proposals provide for the council to hold an unallocated contingency of £3m to meet unforeseen budget pressures and a new contingency of £1.096m regarding Covid-19.
 - The budget acknowledges that government funding will continue to be receivable regarding the impact of Covid-19 in the first quarter of 2021/22. There is risk that such funding will be insufficient and may be needed for a significantly longer period.
 - Adequate allowance is made for pension costs with budgeted contributions in line with the recommendations from the 2019 triennial pension review.

- Service managers have made reasonable assumptions about growth pressures which, where not manageable within current budgets have resulted in additional investment.
- Rigorous mechanisms will be in place to monitor sensitive areas of expenditure and the delivery of savings. The Council recognises that it faces an increasing financial challenge due to the combination of the impact of the Covid-19 pandemic, government grant funding cuts of £64m over the past 11 years, new burdens from government, demographic trends including increasing demand and complexity and cost of that demand. The latest current year Corporate Revenue Monitoring Report (month 6) forecasts a gross overspend of £5.7m which will reduce to £1.5m should current mitigating actions be delivered. Officers are developing further mitigating measures to reduce the overspend and prevent future overspends.
- The use of budget monitoring in 2020/21 to re-align budgets where required with mitigating actions identified to meet budget pressures and growth provided when needed.
- Key risks have been identified and considered.
- Prudent assumptions have been made about interest rates payable and the budget proposals are joined up with the requirements of the Prudential Code and Treasury Management Strategy. The revenue effects of the capital programme are reflected in the budget with an increase of £0.8m in the revenue net cost of borrowing.
- The recommendations regarding fees and charges are in line with the assumptions in the budget.
- A review with the Strategic Leadership Team of proposed savings and their achievability has taken place.
- Cabinet Members have reviewed and challenged all budget proposals. In addition, the relevant Policy and Accountability Committees have scrutinised the budget proposals.
- There are appropriate management and monitoring arrangements for the delivery of savings programmes.
- A prudent approach has been adopted on the local share of income receivable, particularly in light of the impact of Covid-19, budgeting at the safety net.
- Developer contributions to fund enhanced community safety and enhancement arrangements of £1.7m are included in the budget with further additional contributions agreed. Such contributions can only be used once. Monitoring arrangements are in place to ensure that sufficient contributions are set aside to meet the budget assumptions.

Risk, revenue balances and earmarked reserves

- 37 Under Section 25 of the Local Government Act 2003, the Director of Finance is required to include, in budget reports, her view of the adequacy of the balances and reserves the budget provides for in light of the medium-term risks facing the authority.
- 38 The key financial risks that face the Council have been identified and quantified (Appendix D). They total £13.9m. Other substantive risks include:

- The direct impact of the Covid-19 pandemic on council expenditure and income. To date the government has not fully funded the council with an in-year shortfall of £2.5m (month 6 Corporate Revenue Monitor) forecast. The government have announced that the fees and charges grant compensation scheme² will continue in the first quarter of 2021/22 and that a new un-ringfenced emergency Covid-19 pressures grant of £6.2m will be receivable in 2021/22. There is a risk that such funding will be insufficient to fully compensate the council for the extra costs incurred and income lost and/ or that the financial impact of the Covid-19 measures will extend beyond the first quarter of the new financial year.
- The indirect impact of the Covid-19 pandemic on the wider economy. An economic downturn will likely increase demand for needs-based council services whilst exerting downwards pressure on income streams and increased costs.
- An increase in the number of residents awarded council tax support scheme discounts due to the economic downturn.
- Government reform of the local government finance system. 'Fair funding', business rates, the New Homes Bonus grant and the system for social care funding are all potentially subject to reform by 2022/23. These reforms will be influenced by the government's 'levelling-up' agenda. It is expected that significant resources may be distributed away from London. For modelling purposes, the council's financial plan assumes a grant reduction of approximately 5% per annum from 2022/23 onwards.
- The strain on public finances more generally with the Chancellor of the Exchequer stating that the Covid-19 economic crisis has just begun; from past experience any future fiscal and spend measures that seek to reset the public finances may be borne disproportionately by local government.
- Brexit poses a further risk to public finances, price inflation and economic growth.
- Lack of clarity on future government or TfL support for Hammersmith Bridge and other essential capital investment.
- The impact of an economic downturn on major council projects, such as the Civic Campus, Education City and other affordable housing developments, and risk to future contributions from developers.

39 Reserves are also a key enabler for future service transformation. The financial challenge facing the council will require investment to deliver future efficiencies to enable the council to balance the budget in future years.

40 As part of the Audit Findings Report for the year ended 31 March 2020 the Council's external auditors (Grant Thornton) commented on the level of the Council's reserves:

'the Council's reserve position is reasonable but allows no room for complacency or further diminution of those reserves. We would urge that members fully digest the lessons from recent Public Interest Reports and other commentary from sector financial experts as they approach the 2021/22 budget setting round.'

² The scheme compensates local authority for 75% of income lost, above a 5% budget threshold, from sales fees and charges. It excludes commercial income.

- 41 The Council continues to take robust action to ensure reserves are maintained at sufficient levels. It has put in place a reserves strategy (Appendix J) to ensure effective oversight regarding the level and use of reserves and has established an action plan to maintain reserves at an appropriate level. In accordance with the strategy and action plan, the 2021/22 budget includes new one-off contributions to general fund balances of £1.1m arising from one-off benefits.

General fund balances

- 42 The Council's general balance stood at £19m as at 1 April 2020 and it is currently projected that this will not reduce in the current financial year. This will leave general balances at 3.6% (equivalent to 13 days spend) of the Council's gross budget of £528m.
- 43 The Covid-19 pandemic has emphasised the need for reserves to be maintained at an adequate level. The lack of an adequate safety net has resulted in several councils, including Croydon and Bexley in London, across the country running into difficulties. Given the heightened financial risks facing Hammersmith & Fulham it is proposed that, over the medium-term, the council seek to increase the optimal range for general from the current £14m-£20m to £19m-£25m. The 2021/22 budget proposals include a contribution to general balances of £1.1m which takes them to £20.1m. The Director of Finance considers that the optimal range for general fund balances will be sufficient to allow for the risks identified and to support effective medium-term financial planning.

Earmarked reserves

- 44 The Council holds a number of one-off earmarked reserves. The latest forecast to 2024/25 is summarised in Table 11. It is the view of the Director of Finance that such reserves are adequate to deal with anticipated risks and liabilities.

Table 11: Reserves and general balances - cash flow forecast to 2024/25

Three-and-a-half-year Civic Campus relocation	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Opening balance	63.5	47.7	39.5	50.2	48.0
Forecast movement	(6.6)	(7.1)	12.9	(0.1)	(0.1)
Budgeted 2021/22 contribution		1.1			
Closing balance	56.9	41.6	52.3	50.1	47.9
Risks and other potential uses	(9.3)	(2.1)	(2.1)	(2.1)	0
Revised balance	47.7	39.5	50.2	48.0	47.9
Outside the forecast					
Developer contributions	16.6				

- 45 The existing commitments are detailed in Appendix J and include the planned investment of earmarked reserves on council priorities (for example implementing the IT strategy and resident access programme). Allowance is made within the reserves

forecast for the estimated 2020/21 revenue budget overspend which includes the unfunded impact of Covid-19 (£5.7m at month 6) and further increases in the cumulative High-Needs DSG deficit.

- 46 The reserves brought forward to 2020/21 are net of £19m set aside regarding the historic deficit in Dedicated Schools Grant (DSG) funding. Discussions are ongoing with the Department for Education on potential financial support regarding this shortfall. Any additional funding made available will improve the current forecast.
- 47 The Director of Finance considers that current reserves are adequate to deal with anticipated risks and liabilities. Reserves can only be spent once and the forecast to 2024/25 identifies a further tightening in the Council's finances that will need careful management and review. Continued focus will be required on keeping spend within budget, avoiding the use of reserves to balance future budgets and on rebuilding reserves to support future investments and priorities.

Council tax setting

- 48 As part of the Localism Act 2011, the Government replaced the power to cap excessive budgets and council tax increases with compulsory referenda on council tax increases above limits it sets. For 2021/22 local authorities "will be required to seek the approval of their local electorate in a referendum if, compared with 2020/21, they set an increase in the relevant basic amount of council tax that is 2% or higher". As the proposed Council tax increase for this Council is 1.99% no such referendum is required.
- 49 In addition, the Government has modelled setting a precept to fund Social Care for Adults of 3% in 2021/22. This sum is included in the Council's budget proposals.

Prior year Collection Fund deficit

- 50 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.
- 51 For 2020/21 council tax collection and income has been adversely impacted by the Covid-19 pandemic. An estimated in-year loss of £6m is currently forecast (of which the council share is £4.228m). The government have announced that this loss (**collection fund deficit**) can be spread over 3 years from 2021/22 onwards and SR20 further announced that 75% of 'irrecoverable losses' will be funded by government. The estimated net charge to Hammersmith and Fulham is £0.4m per annum from 2021/22 to 2023/24. This estimate is included in the Council's budget proposals and is subject to further review and confirmation of the government compensation scheme.

EQUALITY IMPLICATIONS

- 52 Published with this report are the Equalities Impact Assessments (EIAs) for each service area which is proposing savings. Additionally, there is a general budget EIA which assesses the impacts on equality of the main items in the budget proposed to Full Council, the decision to increase council tax and to apply the social care precept. The full EIA (draft) is attached at Appendix G together with individual EIAs for service areas.

RISK MANAGEMENT IMPLICATIONS

53. In line with the Council's priorities of Being Ruthlessly Financially Efficient and Being a Compassionate Council, Members and officers will need to be mindful of the following factors faced by the Council, in common with other local authorities, in approving the proposed budget, including savings and growth proposals:

- *Future Pressures*: It is inevitable that, in addition to the ongoing financial pressures relating to the Covid-19 pandemic, further, as yet unidentified and therefore unquantified, budget pressures will manifest over the term of the current Medium Term Financial Strategy (MTFS), both in terms of additional/unplanned expenditure and reductions in sources of funding and income. The Council must be prepared for such eventualities and maintain the progress for further savings, efficiencies and income generating initiatives and retain sufficient reserves to manage unexpected costs.
- *Demand Pressures*: There is a real risk of increased demand for children's services, adult social care and homelessness services over the coming years. These are difficult areas in which to accurately quantify future demand, particularly given economic uncertainty. However, recent years have demonstrated that cost pressures are appearing as a result of diminishing resources, growing demand and new duties placed upon local authorities by central government. Current demand pressures exist in a number of areas including Children's Services and Temporary Accommodation.
- *Use of Balances*: The risk associated with drawing on balances is that they are one-off non-sustainable options rather than permanent efficiencies. Prudent levels of balances should be maintained for later years where grant losses continue.
- *Procurement and Contracts*: The Council will continue to review and develop forward planning for Commissioning and Procurement activities to identify new efficiencies and opportunities, increasing value to its residents. Continued robust management of the Council's contracts is essential to ensure that they remain resilient during the challenges posed by changes resulting from the trade deal agreed with the European Union in December 2020 and any changes made to UK legislation arising from the UK's exit from the European Union.

- 54 The economic climate in which the Council has to operate continues to be extremely challenging. Cost overspend on significant projects can pose a risk for financing, particularly in the current economic climate when funding is limited. Project and budget management processes are currently in place to limit the risk of overspend or slippage whilst accounting advice is sought to mitigate against any such risk should it occur. Continuing real terms cuts to local government funding, external cost pressures and the need to fund local priorities mean that the Council has to continue with its significant savings and transformation programmes.
- 55 The report sets out a number of risks facing the Council, along with other local authorities in terms of previous reductions in local government funding and future prospects for funding, increases in demand for key services and the need to maintain adequate levels of reserves in the face of these pressures and the significant investment which the Council is applying or seeking to apply to a range of key programmes. The report clearly sets out the increased level of financial risk and the known and planned reductions in the level of reserves, which include the significant investment proposed in respect of the regeneration of Civic Campus programme, Education City and other affordable housing developments. Strong programme governance and oversight is in place and will be important to ensure that key objectives and outcomes are being delivered within approved budgets.
- 56 Appendix D sets out the financial risks against which the 2021/22 budget and MTFS are being proposed for approval. There are significant financial risks around ongoing demand for High Needs Block Dedicated Schools Grant funding, funding for social care services, increases in the demand for and cost of temporary accommodation, the reliability of a range of income and funding streams needed to support the delivery of front-line services, along with inflationary pressures on staffing costs and contracts. Appendix D contains high level mitigating actions in many cases. It is vital that clear mitigation plans are developed for all risks identified, which will then be implemented, monitored and reported on to ensure that the Council is able to deliver vital services within its overall cost envelope.
- 57 Similarly, Appendix C sets out a range of growth and savings proposals which will need to be appropriately planned, implemented, managed, monitored and reported on. Robust controls and governance will need to be applied to ensure that key activities support the delivery of the Council's objectives while ensuring that costs are appropriately controlled, savings delivered and growth investment achieves the required outcomes. Where actions are not delivering savings or mitigating financial pressures, prompt and appropriate action will need to be identified and taken.

Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance.

PROCUREMENT IMPLICATIONS

- 58 There are no direct implications resulting from this report.
- a. It is recommended that further emphasis is established to ensure that we achieve best value for money through the council's procurement processes.

- b. It is important the Council's Contracts Register is maintained and up to date at all times which will help planning, modelling and ultimately deliver savings for the Council through procurement.

Implications completed by: Andra Ulianov, Procurement Consultant, x2284

List of Appendices:

Appendix A – The requisite council tax calculations for Hammersmith & Fulham

Appendix B – Medium term financial forecast

Appendix C – Investment and savings proposals

Appendix D – Budget risks (to follow for Cabinet Report)

Appendix E – Government grant funding

Appendix F – Fees and charges – exceptions to the standard increase

Appendix G – Equalities Impact Assessment

Appendix H – The business rates retention scheme for Hammersmith & Fulham

Appendix I – Spending power calculation

Appendix J – Reserves strategy

Appendix K – Reserves realignment

Appendix L – Reserves cashflow

APPENDIX A

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

		£	
(a)	Being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2) (a) to (f) of the Act.	584,200,027	
(b)	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act.	487,338,500	
(c)	Being the aggregate difference of (a) and (b) above calculated by the Council in accordance with Section 31A (4) of the Act, as its council tax requirement for the year.	96,761,527	
(d)	Being the amount formally agreed by Council as the council tax base for 2021/22.	80,930	
(e)	Being the amount at (c) divided by the amount at (d) above, calculated by the Council in accordance with Section 31B of the Act as the Basic amount of council tax (Band D) for the year.	1,195.62	
(f)	Hammersmith & Fulham proportion of the Basic amount of its Council Tax (Band D)	831.96	
(g) Valuation Bands – Hammersmith & Fulham Council:			
Band A	Band B	Band C	Band D
554.64	647.08	739.52	831.96
Band E	Band F	Band G	Band H
1,016.84	1,201.72	1,386.60	1,663.92
being the amounts given by multiplying the amount at (f) above by the number which, in proportion set out in section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which that proportion is applicable to dwellings listed in band D, calculated by the Council, in accordance with Section 36 (1) of the Act, as the amounts to be taken into account for the year in respect of dwellings listed in the different valuation bands.			
(h) Valuation Bands – Greater London Authority			
That it be noted that the following amounts in precepts issued to the Council in respect of the Greater London Authority, its functional and predecessor bodies, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:			

Band A	Band B	Band C	Band D
242.44	282.85	323.25	363.66
Band E	Band F	Band G	Band H
444.47	525.29	606.10	727.32
(i) That having calculated the aggregate in each case of the amounts at (g) and (h) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts of Council Tax for the year 2021/22 for each of the categories of dwellings shown below:			
Band A	Band B	Band C	Band D
797.08	929.93	1,062.77	1,195.62
Band E	Band F	Band G	Band H
1,461.31	1,727.01	1,992.70	2,391.24

Appendix B Medium term financial forecast

	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s
Net base budget	156,902	156,902	156,902	156,902
Contract and pay inflation	4,132	10,132	16,132	22,132
Investment	5,235	11,235	17,235	23,235
Impact of Covid-19 / economic downturn	2,650	2,500	0	0
Net cost of borrowing (revenue cost of capital programme)	800	1,600	2,000	2,000
Savings and change proposals	-6,689	-7,642	-7,792	-7,942
One-off saving (concessionary fares)	-1,100	0	0	0
Covid-19 contingency	1,096	0	0	0
Contribution to General Balances	1,100	0	0	0
Budget requirement	164,126	174,727	184,477	196,327
Government resources				
General grants (including new homes bonus)	-19,417	-19,417	-19,417	-19,417
Additional local council tax support scheme grant	-1,355			
Revenue Support Grant	-17,506	-17,506	-17,506	-17,506
Allowance for fair funding/ new homes bonus grant reform		4,750	9,500	14,250
Council resources				
Business rates (net of tariff) (increase by CPI forecast of 2% per annum from 2020/23 onwards))	-57,217	-58,361	-59,529	-60,719
Council tax (freeze assumed from 2022/23 onwards)	-67,331	-67,996	-68,661	-69,326
Collection fund deficit (net of Covid-19 losses grant)	400	400	400	0
Developer contributions - enhanced community safety & enforcement	-1,700	-1,700	-1,700	-1,700
Total forecast resources	-164,126	-159,830	-156,913	-154,418
Budget gap	0	14,897	27,564	41,909

Children's Services and Education

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)
1	Children and Young Peoples Services	Placements Care Leavers	Making better use of semi-independent accommodation and moving young people to in-borough accommodation. This proposal will enable H&F's care leavers to be placed locally with greater access to local services and opportunities.	(400)	(400)	(400)	(400)
2	Education	Disabled children care packages	Delivered through service investment (budget growth in 2020/21 and prior years), efficiencies (without reducing services) and greater joint funding contributions negotiated with health.	(268)	(321)	(321)	(321)
3	Children's Commissioning	Children & adolescent mental heath Services and wrap around Services	<div>Saving proposed as a result of service redesign and improvement:<ul style="list-style-type: none">• Improved and increased direct therapeutic work with parents of children and young people in need of support• Increased system wide understanding of effective approaches to engaging vulnerable families• Increased engagement of parents in specialist treatment and support services• Improved support to professionals to understand parental mental health and reduce safeguarding concerns</div>	(80)	(80)	(80)	(80)
Total Change and Savings Proposals				(748)	(801)	(801)	(801)

Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)
4	Education	Investment in Travel Care and Support	Further significant investment is to reflect the increased demand of children and young people accessing travel care and support services, whilst maintaining the same high level quality provision.	700	700	700	700
5	Education	Disabled children - Investment in The Haven	Investment in The Haven consolidates and supports children with complex disabilities who need to be accommodated (Looked After) to remain living in Hammersmith and Fulham, having regular contact with families and remaining at their local special schools.	310	310	310	310
6	Children and Young Peoples Services	Client Related Non Placement Costs	This investment will ensure ongoing support to: <ul style="list-style-type: none">• children and families to remain safely living together in the community• children looked after. This includes transport to school and appointments, contact escorts, setting up home allowances and subsistence	305	305	305	305
7	Children and Young Peoples Services	Client Related Costs	Investment in legal support to continue to fulfil statutory responsibilities in the delivery of services. Legal expenditure ensures that those children most at risk are protected in the long term through court orders which provide them with security and stability.	300	300	300	300
Total Investment and Covid Recovery				1,615	1,615	1,615	1,615

Social Care & Public Health 2021/25 Savings & Investment

Social Care savings proposals				Budget Change			
Ref	Service	Title & Theme	Summary	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)
Savings							
SC1	Quality, Safety & Performance and Learning Disabilities, Mental Health & In-House - Jo Baty & Chris Nicklin	Reframing and re-designing of services	Reviewing community care packages and ensuring the right support is provided: - reviewing much earlier and more effectively the arrangements on discharge from acute hospitals and making the right choices in relation to the next steps for older people - review care needs to determine if they meet NHS Continuing Health Care funding - reviewing community care packages - increasing direct payments - reduction in placement numbers	-1,000	-1,000	-1,000	-1,000
SC2	Operations - Lisa Redfern	Workforce efficiency programme	Workforce including Social Care front door contribution to a Council front-door service (H&F Community Action Network).	-200	-200	-200	-200
SC3	Adults Commissioning - Jo McCormick	Commissioning and Contracts	There are a number of re-commissioning opportunities such as specialist housing and extra care which will develop the offer, improve value for money and be subject to tighter contract monitoring.	-250	-250	-250	-250
SC4	All divisions - Chris Nicklin & Lee Fermandel	Digitalisation	Use of technology to improve communications with people, access to information and advice and promote independence. Working on partnership to develop our multidisciplinary team model to reach digitally excluded communities.	-200	-200	-200	-200
SC5	Provided services & Adults commissioning - Jo Baty & Jo McCormick	Re-design of services	Modernisation and re-design of both internal and external day opportunities.	-100	-350	-350	-350
SC6	All divisions- Lisa Redfern	Workforce efficiency programme	Management and agency staff workforce re-design.	-200	-200	-200	-200
Social care - Total Savings proposals				(1,950)	(2,200)	(2,200)	(2,200)

Social Care Investment and Covid-19 funding.				Budget Change			
Ref	Service	Title of bid	Description	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)
HSC1	Quality, Safety & Performance and Learning Disabilities, Mental Health and In-House	Demographic pressures in Social Care	The Social Care budget is under severe pressure due to an ageing population, increasingly complex needs resulting from learning disabilities and mental health issues. We have forecasted a 3.4% increase in the numbers of older and disabled people over the period 2020 to 2024 which equates to in monetary terms to cumulative total of £2.978m of investment required.	471	1,283	2,119	2,978
HSC2	Learning Disabilities, Mental Health and In-House	Learning disability transitions	Additional funding is required for the LD budgets to fund the increasing number of disabled children transitioning into adult services. We have estimated that there are likely to be 69 more children by 2023/24 creating a cost pressure on an already overspending budget.	889	943	994	1,063
CSC1	Quality, Safety & Performance	Hospital discharges	There is a high expectation that the NHS will seek to pass on greater discharge costs, putting pressure on the Social Care budget	1,035	-	0	0
Total Investment				2,395	2,226	3,113	4,041

Public Health savings proposals - reinvested into public health outcomes				Budget Change			
Ref	Service	Title & Theme	Summary	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)
Savings							
PH1	Public Health	Contract category management	Savings from better procurement of health visiting and school nursing. Service quality to be same or better with savings achieved through improved procurement and contract negotiation.	-600	-800	-800	-800
PH2	Public Health	Contract category management	Saings from better procurement of stop smoking services and bringing adult weight management services in house. There will be discussions with Sports and Leisure to ensure access to programmes and activities for those who do not want to access gyms.	-160	-160	-160	-160
PH3	Public Health	Contract category management	Improved contract management of sexual health contracts, with improved outcomes for residents.	-122	-188	-188	-188
Public Health - Savings proposals				(882)	(1,148)	(1,148)	(1,148)

The Environment Department

Change and Savings Proposals			Budget Change			
Ref Nos	Service	Title & Theme	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)
1	Public Realm	Better use of capital programme to reduce revenue expenditure	(150)	(300)	(450)	(600)
2	Public Realm	The establishment of a new team structure for Highways and special Projects	(150)	(150)	(150)	(150)
3	Leisure Services	Income resulting from better procurement of management service for Leisure Centres	(101)	(168)	(168)	(168)
4	Public Realm	Intelligent street lighting energy management project	(79)	(82)	(82)	(82)
5	Resident Services	Former Inform 360 Contract now insourced post Rochdale	(71)	(71)	(71)	(71)
6	Safer Neighbourhoods	A new team structure is being established (savings from vacancies/voluntary redundancies)	(56)	(56)	(56)	(56)
7	Public Realm	Maintenance of Assets	(40)	(40)	(40)	(40)
8	Safer Neighbourhoods	Maximise Income	(35)	(35)	(35)	(35)
9	Safer Neighbourhoods	Review Land Charges	(17)	(17)	(17)	(17)
The Environment - Total Savings Proposals			(699)	(919)	(1,069)	(1,219)
10	Parking	Changes to the target operating model and efficiency.	(400)	(400)	(400)	(400)
Total - Environment and Parking			(1,099)	(1,319)	(1,469)	(1,619)

Investment			Budget Change			
Ref Nos	Service	Title & Theme	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)
1	Public Realm	Waste disposal expenditure (increase in price per tonne for recyclates)	60	120	180	240
2	Safer Neighbourhoods	Emergency planning services	50	50	50	50
3	Safer Neighbourhoods	Investment in improved CCTV services	100	100	100	100
4	Public Realm	Climate Team to deliver council strategy to address Climate Change	450	450	450	450
5	Safer Neighbourhoods	Building Control Service during Covid recovery	100	0	0	0
6	Leisure Services	Commercial Services (parks and filming) during Covid recovery	125	0	0	0
7	Public Realm	Commercial waste services during Covid recovery	150	0	0	0
The Environment - Total Investment and Covid Recovery			1,035	720	780	840

The Economy Department

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)
Firm Savings Proposals							
1	Growth	Reduction in business rates	A number of properties where the Council owns the lease are no longer occupied by the Council and therefore no business rates are payable. This is a one-off saving as these properties may come back to the Council next year	(36)	0	0	0
2	Economic Development	Review of senior management	This proposal deletes the Work Matters manager position and the General Fund contribution to the Head of Economic Development.	(104)	(104)	(104)	(104)
3	Housing Services	Reduction of temporary accommodation	Further savings in addition to last year's resulting from placing residents in better, longer term private rented accommodation to reduce the use of more expensive, lower quality temporary accommodation.	(196)	(196)	(196)	(196)
4	Housing Services	Consolidation of management & workforce and reduction in the use of agency staff	Current implementation of approved restructure will reduce agency staff and enable overall staffing. This is the beginning of a phased savings delivery programme.	(100)	(300)	(300)	(300)
5	Direct Delivery	Review of senior management and business support	This proposal reduces Business Support Officer spend	(9)	(9)	(9)	(9)
6	Growth	Debt reduction on commercial property leasing	Better management of debt on commercial property portfolio	(25)	(25)	(25)	(25)
7	Planning	Commercialisation of Planning Fees	Review of planning fees for large developers and the implementation of charging for the duty planner service.	(350)	(350)	(350)	(350)
8	Planning	Design Review Panel - increase scope of service and fee	Extending the scope of and fees for this service for developers	(20)	(20)	(20)	(20)
9	Operations	Facilities Management restructure	Staffing restructure to reflect the current office estate	(200)	(200)	(200)	(200)
10	Operations	Facilities Management reduction in senior management costs		(63)	(63)	(63)	(63)
The Economy - Total Change and Savings Proposals				(1,103)	(1,267)	(1,267)	(1,267)

Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)
9	Planning	Planning fees income	Planning income in recent years has fallen from £3.4m (2018/19) to £2.3m (2019/20) and is currently forecast to reach only £2.0m in 2020/21, some £1.7m short of the budget. Some of this is due to Coronavirus but also due to the fact that planning activity is sensitive to wider economic cycles, investor confidence, and the operation of the development and construction industries including the impact of Brexit.	700	0	0	0
10	Housing Services	Temporary accommodation - cost avoidance payments to landlords - loss of earmarked reserve	Historically, cost avoidance payments were funded from an earmarked reserve to secure longer-term, good quality accommodation. A review of the need to make cost avoidance payments next year indicates that payments of £0.94m will be required based on 150 private sector lettings and 350 direct lettings. After allowance for additional specific grant funding of £0.4m the net growth requirement is £0.54m. The risk associated with not making cost avoidance payments is that this will increase the need for the Council to provide temporary accommodation for homeless clients which would come at a far greater cost to the Council than cost avoidance payments.	540	0	0	0
Total Investment and Covid Recovery Requests				1,240	0	0	0

Resources

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)
1	Digital services	Desktop Services Operational Costs Review	Identifying additional operational savings from reducing further demand for support/reduction in devices.	(100)	(100)	(100)	(100)
2	Digital services	Line of business applications contracts review	Review all line of business (service tower 5) application contracts (specifically 100+ contracts novated back to the council when the service moved back in house in 2016) with the aim of reducing costs through contract renegotiation and strengthening contract management processes.	(100)	(100)	(100)	(100)
3	Digital services	Decommissioning of data centres	Decommission of redundant link to Agilisys data centres.	(75)	(75)	(75)	(75)
4	Digital services	Review of Multifunction Devices (MFD) variable printing costs	Revised projections based on observed reduction in Ricoh variable printing costs due to Covid-19 lockdown. Will need to be kept under review as working from the office starts to rise again.	(40)	(40)	(40)	(40)
5	Procurement	Review of service structure	Reduction of 2 posts (from August 2020).	(82)	(82)	(82)	(82)
6	Digital services	MFD contract reprocurement	Contract ends 3 Oct 2020 -reduce the number of devices across our estate in line with our new ways of working, which will result in savings, and to obtain a contract that could be adjusted upwards again if necessary.	(60)	(60)	(60)	(60)
Total Change and Savings Proposals				(457)	(457)	(457)	(457)

Finance

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)
1	All	Departmental restructure and review	Restructure proposals following zero based budget (ZBB) review of finance, including consideration of programme management and ZBB integration.	(400)	(400)	(400)	(400)
2	Audit, Fraud & Insurance	Reduction in contract costs	More efficient use of current contract provision	(50)	(50)	(50)	(50)
Total Change and Savings Proposals				(450)	(450)	(450)	(450)

Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)
3	Corporate Business Intelligence (BI)	BI service to deliver Single Person Discounts and other savings initiatives.	BI service to deliver Single Person Discounts and other savings initiatives. This is offset against additional council tax income and will deliver further future savings	100	100	100	100
Investment and Covid Recovery				100	100	100	100

Council wide

					Budget Change		
Ref Nos	Service	Title & Theme	Summary		2021-22 Budget Change Cumulative (£000's)	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)
Investment and Covid Recovery					Investment and	Budget Change	
1	Contingency	Re-establishment of the unallocated contingency	Reset annual contingency budget at £3m to cover unforeseen cost pressures and manage financial risk following 2020/21 allocations.		1,500	1,500	1,500
Investment and Covid Recovery						1,500	1,500

Children's Services Department Risks

		Risk				
Department & Division	Short Description of Risk	2021/22 Value (£000's)	2022/23 Value (£000's)	2023/24 Value (£000's)	2024/25 Value (£000's)	Mitigation
Children and Young Peoples Services	Increased demand as a result of the service being needs led	To be kept under review and closely monitored.				Targeting of earlier intervention through use of family group conferences, involvement of Family Assist services and monitoring of trends
Children and Young Peoples Services	Greater demand on services as more families experience prolonged duress and the impact of economic downturn due to the pandemic	To be kept under review and closely monitored				Undertaking risk assessments and monitoring closely through the vulnerable children's group
Total						

Social Care Department Risks

		Risk				
Department & Division	Short Description of Risk	2021/22 Value (£000's)	2022/23 Value (£000's)	2023/24 Value (£000's)	2024/25 Value (£000's)	Mitigation
All divisions	Demographic pressures - The Social Care budget is under pressure due to an ageing population, increasingly complex needs resulting from learning disabilities and mental health issues. We have forecasted a 3.4% increase in the numbers of older and disabled people over the period 2020 to 2024 which equates to in monetary terms to cumulative total of £3.9m investment required. (The majority of this request is shown as a growth proposal with the balance treated as a risk).	496	640	787	939	Regular and robust review of residents' care is needed to ensure that care plans accurately reflect current assessed care needs.
Learning Disability	Learning disability transitions - Additional funding is required for the learning disability budgets to fund the increasing number of young disabled transitioning into adult services. We have estimated that there are likely to be 69 more young people by 2023/24 leading to a cost pressure on an already overspending budget. (the majority of the pressure is proposed as a growth request and the balance shown as a risk).	123	133	141	154	Regular and robust review of residents' care is needed to ensure that care plans accurately reflect current assessed care needs.
All divisions	Hospital discharges - There is a high expectation that the NHS will seek to pass greater discharge costs, putting pressure on the Social Care budget.	0	1,035	0	0	The proposal is to fund this in year 1 but the risk will need to be managed in year 2 through review of residents care needs.
Learning Disability	Supporting living strategy for adults with learning disabilities - this is a new contract model and currently at procurement stage.	150	150	150	150	The outcome of the funding requirement will be known after the procurement exercise is completed.
All divisions	Independent Living Fund - Grant ending 31st March 2021	772	772	772	772	The Council is waiting on the announcement to whether this grant will continue.
All divisions	Covid-19 impact on mental health services, isolation, increasing drugs and alcohol and obesity will place further pressure on adult social care budget. Further modelling will be undertaken to estimate the financial risks involved.	?	?	?	?	Tight monitoring of the budget on a monthly basis, reprioritising and changing support as appropriate and as required.
Total		1,541	2,730	1,850	2,015	

Environment Risks/Challenges

Department & Division	Short Description of Risk	Risk				Mitigation
		2020/21 Value (£000's)	2021/22 Value (£000's)	2022/23 Value (£000's)	2023/24 Value (£000's)	
Public Realm	The government remains to confirm funding to manage the continued closure of Hammersmith Bridge	tbc	tbc	tbc	tbc	The Council is working with the government Task Force, TfL, Other London Boroughs and the Private Sector to develop options and resolve funding for a new Bridge
All Services	The continuing impact on service expenditure and income from the continuing pandemic and lockdowns (estimated at £4.8m in 2020/21 before government support)	tbc	tbc	tbc	tbc	Ensuring that recovery plans are activated and that all possible grants/compensation is claimed from government
All Services	The continued impact of reduced grant funding	tbc	tbc	tbc	tbc	Continuing to work proactively with partners to showcase the outcomes being delivered to secure continued future grant
All Services	Ensuring that our re-procurement of major services are completed effectively and efficiently e.g Waste Collection/Street Cleaning/Grounds Maintenance given the severe medium term financial challenges facing the Council	tbc	tbc	tbc	tbc	Project Teams and Governance established to ensure that work is completed in consultation with Members/Residents
Resident Services	Full delivery of the service/financial benefits from the Residents Access programme(REAP) approved by Cabinet in October 2020	tbc	tbc	tbc	tbc	Leadership Project Team established and financial benefits of business case being externally evaluated
Parking	Continued disruption to Parking services enforcement and Pay and display as a result of further lockdowns in response to the Covid Pandemic	3,000	-	-	-	Ensuring that recovery plans are activated and that all possible grants/compensation is claimed from government
Parking	Continued disruption of debt collection services by ensuring compliance to safe working and social distancing practices	700	-	-	-	Ensuring that recovery plans are activated and that all possible grants/compensation is claimed from government
Parking	A reliance on external support dealing with customer correspondence as a result of potential changes in parking and transport related policies approved by Cabinet in July 2020	200	-	-	-	Continually reviewing and re-balancing policies
Total Budget Risks/Challenges - The Environment		3,900	0	0	0	-

The Economy Department Risks

Department & Division	Short Description of Risk	Risk				Mitigation
		2021/22 Value (£000s)	2022/23 Value (£000s)	2023/24 Value (£000s)	2024/25 Value (£000s)	
Economic Development, Learning & Skills	Staffing budget pressures	63	TBC	TBC	TBC	Review of contractual working hours
Economic Development, Learning & Skills	Sullivan & Townmead business units income (Covid-19 pressure)	143	TBC	TBC	TBC	
Economic Development, Learning & Skills	Section 106 funding	2,000	2,000	2,000	2,000	Agreement of the 2021/22 section 106 funding programme.
Economic Development, Learning & Skills	Adult Learning & Skills course fees (Covid-19 pressure)	91	TBC	TBC	TBC	
Regeneration & Development	Development Team - non-capitalised General Fund staffing costs	100	100	100	100	Appropriate timing of recruitment to the new team and consequential delivery of development schemes.
Regeneration & Development	Abortive costs for development schemes	TBC	TBC	TBC	TBC	
Regeneration & Development	Staffing costs falling to revenue due to delays on capital schemes	TBC	TBC	TBC	TBC	
Housing Solutions	Temporary accommodation (TA) - cost avoidance payments to landlords - loss of earmarked reserve	-	940	940	940	
Housing Solutions	Housing solutions - grant income uncertainty	-	3,994	3,994	3,994	
Housing Solutions	Provision of accommodation for rough sleepers and other temporary accommodation clients	TBC	TBC	-	-	
Housing Solutions	Overall Benefit Cap	117	117	117	117	Support and enable residents to gain exemption from the Benefit Cap or meet the shortfall through: <ul style="list-style-type: none"> - Training and qualifying employment - Disability/Carers benefit where possible - Resettlement into affordable housing - Personal budgeting
Housing Solutions	Direct Payments (Universal Credit)	51	51	51	51	Monitor payment receipts from the DWP and request processing of underpaid amounts and/or escalate proceedings against non-paying TA tenants
Housing Solutions	Increase in bad debt provision on Temporary Accommodation (Bed & Breakfast and Private Sector Leasing) rent arrears because of reductions in personal income due to Coronavirus.	570	570	570	570	Robust TA Income collection processes post pandemic. Sensitive approach needed
Housing Solutions	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	539	1,078	1,616	2,155	increase access to private rented accommodation as outlined and agreed in recent changes to Council's Housing Allocation Scheme. Work closely with Capital Letters to increase supply.
Housing Solutions	Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	269	543	821	1,102	work to reduce expensive TA. Would mean additional units outside of this borough. Capital Letters collaboration
Housing Solutions	Cost of accommodating large families	134	148	162	175	procure TA for larger families.
Housing Solutions	Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	377	754	1,132	1,509	increase access to private rented accommodation as outlined and agreed in recent changes to Council's Housing Allocation Scheme. Work closely with Capital Letters to increase supply

Housing Solutions	Increase in the number of households in Temporary Accommodation - based on current forecast		316	635	915	increase access to private rented accommodation as outlined and agreed in recent changes to Council's Housing Allocation Scheme. Work closely with Capital Letters to increase supply
Growth	Development Team - additional risk	54	54	54	54	Potential capitalisation of all staff costs
Planning	Planning fees income (extra risk re the economic downturn)	500	unknown	-	-	One-off growth of £0.7m has been proposed for 2021/22 regarding planning income pressures.
Planning	Planning fees Income - due to Covid-19	350	TBC	-	-	One-off growth of £0.7m has been proposed for 2021/22 regarding planning income pressures.
Planning	Planning -Exceptional costs	200				
Operations	Facilities Management - Cleaning costs (Covid-19 related)	250	TBC	-	-	
Operations	Commercial Property Income	75	TBC	-	-	
Operations	Asset Strategy and Portfolio Management - Commercial property rental income	100	-	-	-	
Operations	Property Transformation Programme	178	178	178	178	A review of rental income streams potential is in train to ensure funding for the team is available.
Total		6,161	10,843	12,370	13,860	

Finance Department

Department & Division	Short Description of Risk	2021/22 Value (£000's)	2022/23 Value (£000's)	2023/24 Value (£000's)	2024/25 Value (£000's)	Mitigation
Finance Department						
Commercial and Contracts	Loss of income due to impact of COVID-19 on digital advertising market.	490	TBC	TBC	TBC	Market testing currently being undertaken to ascertain recovery levels. Expected that market will recover in 2nd half of 21/22 but may not match pre-COVID levels.
		490	0	0	0	

Council Wide Risk/Challenges

		Risk				Mitigation
Department & Division	Short Description of Risk	2021/22 Value (£000's)	2022/23 Value (£000's)	2023/24 Value (£000's)	2024/25 Value (£000's)	
Council Wide Budget Risks						
Centrally Managed Budgets	Pay award of 2% compared to current assumption of a pay freeze	1,800	1,800	1,800	1,800	Offset through workforce efficieny programme
		1,800	1,800	1,800	1,800	
Total budget risks		13,892	15,373	16,020	17,675	

Government grant allocations

	2020/21 £000s	2021/22 £000s	
Revenue Support Grant	17,410	17,506	
Other unringfenced grants			
New Homes Bonus	6,863	5,274	
Housing Benefit Administration	966	966	2021/22 allocation estimated
Localised Council Tax Support Administration	316	316	2021/22 allocation estimated
Independent Living Fund	772	772	2021/22 allocation estimated. Government not yet confirmed scheme continuation.
Compensation for change in business rates multiplier	2,479	3,223	Inflationary increase funded by grant.
Social Care Support	5,956	7,994	
Levy Account Surplus	207		Any levy tbc in the final settlement, as one off to be budgeted to reserves
Lower tier services grant		872	New
Total other unringfenced grants (ongoing)	17,559	19,417	
One-off grants			
Covid-19 local council tax support scheme grant		1,355	New for 2021/22
Total general grants	34,969	38,278	

Ringfenced grants allocated within departmental budgets			
Flexible Homelessness Support	2,805	-	Replaced by homelessness prevention grant in 2021/22
Homelessness Reduction Act	568	-	Replaced by homelessness prevention grant in 2021/22
Homelessness Prevention		3,774	
Rough Sleeping Initiative Fund	184	184	Estimated. SR20 £254m new funding.
Lead Local Authorities Flood Grant	48	-	
Better Care Fund	9,732	9,732	
Public Health	22,077	22,077	2021/22 estimated, no increase announced in draft settlement
New duty to support victims of domestic abuse	-	tbc	£98m nationally
Holiday activities and food programme	-	tbc	£220m nationally

Fee Description	2020/21 Charge (£)	2021/22 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2019/20	Total Estimated Income Stream for 2020/21	Reason For Variation Not At Standard Rate
Private Sector Leasing						
Private Sector Leasing Water Charges	Varies	Varies		£39,000	£40,000	The charge is determined by the annual increase set by the water companies. This is expected in January 2021.
Private Sector Leasing Rent (average per week)	£257.59 as at 2nd October 2019	£262.43 as at 20nd October 2020	na	£12.5m (2020/21 Estimates, based on 969 units with 4% void at the weekly rent of £257.59)	£12.9m (2021/22 Estimates, based on 978 units with 4% void at the weekly rent of £262.43)	Since April 2012, the PSL rent threshold has been based on the January 2011 Local Housing Allowance (LHA). The LHA varies according to changes in market rents, the location of the property and its bedroom size. The threshold formula was 90% of LHA plus £40 and subject to a cap of £500 on Inner London and Outer South West London Broad Rental Market Areas (BRMA) and a cap of £375 on other BRMAs. From April 2017, the £40 was removed from the formula, the new threshold is 90% of January 2011 LHA and subject to a cap of £460 on Inner London and Outer South West London BRMA and a cap of £335 on the other BRMAs. PSL tenants living in a Universal Credit Implementation Area will have their rent threshold based on 100% of the April 2015 LHA. By October 2019, 6% of the Council's PSL tenants were subject to the April 2015 LHA.
Bed and Breakfast Temporary Accommodation						
B & B Rent Single/Family (Average per week)	£215.20 as at 1st October 2019	£215.20 as at 1st October 2020	na	£1.0m (2020/21 Estimates, based on 90 tenants at a weekly rent of £215.20)	£1.1m (2021/22 Estimates, based on 99 tenants at a weekly rent of £215.20)	Since April 2012, the B&B rent threshold has been based on the January 2011 Local Housing Allowance (LHA). From April 2017, the B&B rent threshold will be based on the April 2015 LHA for benefit claims made through Universal Credit. The LHA varies according to changes in market rents, the location of the property and its bedroom size. This fee is the LHA threshold for one bedroom properties.

Budget 2021/22 Equalities Impact Assessment

Overview and summary

The Council is obliged to set a balanced budget and Council Tax charge in accordance with the Local Government Finance Act 1992. The purpose of this EIA is to assess the main items in the budget that will be proposed to Full Council on 24th February 2021.

For 2021/22, a balanced budget is proposed based on investment in key priorities, efficiency savings and strengthening financial resilience. On the basis of that budget, the Council proposes, in line with the increases modelled by government in their spending power calculations, a 1.99% rise in Council Tax and the application of a 3% adult social care precept. Further information is set out in the accompanying Report.

A public authority must, in the exercise of its functions, comply with the requirements of the Equality Act 2010 and in particular section 149 the Public Sector Equality Duty ("PSED"). This Equalities Impact Assessment ("EIA") is intended to assist the Council in demonstrating its fulfilment of its PSED. It assesses, as far as is possible on the information currently available, the equality impact of the budget through individual equality impact assessments of each the proposals. The requirements of the PSED and case law principles are explained in the Legal Implications section of the report to Full Council. The Equality Implications section of that report is informed by this analysis.

Methodology

The analysis looks at the impact of Council Tax and Social Care Precept proposals and, secondly, at the budget on which that decision is based. Initial equality impact assessments have been undertaken of all the proposals at this stage, with a full Equality Impact Assessment undertaken for those where potential adverse impact has been identified. Equality Impact Assessment is an ongoing process and further assessment will be undertaken of policy decisions as appropriate. This will happen throughout 2021/22 as part of the Council's decision-making process and changes will be made where appropriate.

The aim in this document is to identify the elements of the budget that may have an adverse or positive impact on any protected group so that these can be taken into account by the Council when taking a final decision on the budget and the level of Council Tax. Where this is possible, mitigating measures are identified at the appropriate point in this document.

Summary of impact of the proposed budget

Council Tax increase and applying social care precept

A 1.99% increase in Council Tax is proposed and the application of a 3% adult social care precept. These increases are modelled by the government in their spending power calculations for local government. This will take Band D Council Tax from £792.42 to £831.96.

By increasing Council tax, the Council can prevent reductions in services to local residents and in so doing can continue to mitigate against adverse impacts facing individual households.

The percentage increase will be applied to all bands of council tax, as required by law. This will impact on all residents who are eligible to pay Council Tax. The average increase in cost per week on a Band D property is £0.76. Since Council Tax is applicable to all properties it is not considered that the increase targets any one particular group; rather it is an increase that is applied across the board. At the same time because the increase is applied to all properties it is not possible to exempt any particular group.

The impact of Council Tax could be mitigated through the Local Council Tax Support scheme and other exemptions and discounts.

Council Tax Exemptions and Discounts

Some properties are exempt, or qualify for a discount, from council tax. The different classes of exemptions/discounts are listed below.

Occupied Properties with only the following residents:

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

If there is only one other resident in the property who does not fall into one of the above categories, then the property will receive a 25% discount rather than be exempt. If there are more than two such residents, then the property will neither be exempt nor receive a discount.

Unoccupied properties

- g) owned by a charity are exempt for up to six months;
- h) empty due to resident receiving care in a hospital or home elsewhere;
- i) empty as resident has been sent to prison;
- j) empty as resident has moved to care for someone else;
- k) empty awaiting probate and for six months after probate is granted;
- l) has been repossessed;
- m) is the responsibility of a bankrupt's trustee;
- n) is waiting for a minister of religion to move in,

- o) empty by a student whose term-time address is elsewhere,
- p) empty because it is against the law to live there, including from 1st April 2007 where a planning condition prevents occupation;
- q) empty as it forms part of another property and may not be let separately.

Pitch or mooring

- r) that doesn't have a caravan or boat on it is also exempt.

From 2017/18 the council has also provided discounts for care leavers up to the age of 25.

Those who feel they are entitled to an exemption are encouraged to contact the Council and information on how to do that is provided by the Council when Council Tax Bills are issued. Support for people struggling with their Council Tax Bill is also offered through Advice Centres.

The liability for Council Tax is summarised below:

Total dwellings in the borough	91,550
Reductions:	
Exemptions (mainly students, includes care leavers)	(4,161)
Council tax support claimants (elderly & working age on low income)	(12,009)
Single person discount (25% discount)	(28,180)
Dwellings liable for 100% of Council tax (52%)	47,200

Data on the Local Council Tax Support Scheme identifies that approximately 55% are female (higher than the proportion of females in the borough population as a whole, which was 51.3% according to the 2011 Census). Pensioners are also disproportionately represented (35% of LCTS claimants, but only 9% of Borough residents). Based on ONS data on low-income groups, it is also likely that disabled residents, ethnic minority groups, women on maternity leave, single parents (who are normally women) and families with young children are likely to be disproportionately represented.

Social Care & Public Health Savings Proposals

Social Care Savings Proposals

1 Reviewing community care packages and ensuring the right support is provided-£1,000,000

This business case is focused on reviewing community care packages and ensuring the right support is provided by reviewing much earlier and more effectively the arrangements on discharge from acute hospitals and making the right choices in relation to the next steps for older people, for people with mental health issues and with learning disabilities. Additionally reviewing care needs to determine if they meet NHS Continuing Health Care (CHC) funding, reviewing community care packages, increasing direct payments and a reduction in placement numbers.

The business case builds on work undertaken in 2020/21 when in the context of Covid-19 and associated Discharge to Assess model, we have made significant improvements in our collaborative approach. Also in the associated coordination of reviewing residents sooner after discharge, to reduce unnecessary dependency on long term care.

The associated planning required in Phase 1 and 2 of Covid-19 necessitated a differentiated approach to the support needs of our residents returning home post hospital or for those who moved into a care home or supported living. Underpinning this the timely reviews and focus on independent living (utilising direct payments and pooled budgets as appropriate) enables Social Care to focus resources on those who most need it and reablement models inform more choice and control for our residents and better use of public funds for the Council.

The business case also relates to making better use of NHS and other funding streams where appropriate, including NHS CHC and Funded Nursing Care (FNC). This work is embedded in Social Care but requires significant resources to ensure fair and equitable apportionment of funding from CHC. The work also needs to be extended to residents leaving hospital with mental health needs and to those residents with learning disabilities who are (often) in out of borough expensive care support.

This proposal has neutral impact on those with protected characteristics as the proposal focuses on reviewing community care packages and ensuring the right support is provided and this builds on work undertaken in 2020/21.

2. Workforce including social care front door contribution to a Council front-door service - £200,000

The workforce efficiency programme will work to improve workforce efficiency by taking a whole-Council view and approach to support Social Care through different projects. An increase in population places an increased demand and dependence on the Social Care system. The additional financial costs and flow of work is unsustainable. We need to find alternative ways of meeting needs whilst delivering statutory duties.

The 'conversation at the one front door' will focus on outcomes that draw on the resident's strengths and assets to achieve the lives they want for themselves - reducing unnecessary referrals where appropriate. Greater co-produced independent living solutions will provide the new model of reablement. This also involves working collaboratively and creatively with the community and voluntary organisations for stronger, sustainable, independent communities.

The pandemic has really shown how we can deliver improved outcomes for H&F's residents by working together. We will encourage residents to self-serve wherever possible and statutory support will be provided via direct payments as the default option, reducing unnecessary dependency on longer-term support.

During the pandemic we have learned so much about new and more agile ways of working and we hope to capitalise on this. The 'one front door' programme will drive culture change within services, provision of equipment for smarter working, maximising use of property portfolio and reducing unproductive time for staff.

Staff and managers are supported to adopt agile working by digitising procedures and services constrained by location. Information and knowledge management so staff are supported to adopt smarter working through greater amounts of information being available electronically with the ability to collaborate with colleagues in virtual spaces.

This proposal has a neutral equalities impact.

3. Re-commissioning and contract management- £250,000

We have identified more efficient and effective value for money approaches to delivering the same service. We will achieve this through negotiations with existing providers and redesigned recommissioned services.

The business case focuses on achieving £0.250m in savings from Social Care commissioning and contracts. At least £0.100m will be achieved through floating support services. For the remainder, we are looking at independent living contracts. It is anticipated that some may be secured through robust contract management.

We will review services and identify appropriate contract variations as well as taking the opportunity to redesign services that are due for recommission. Key areas to be looked at include floating support and carers' service models.

This is a neutral equalities impact as it is a contract negotiation exercise and the service will not be reduced.

4 – Digitisation to improve communications with people and access to information - £200,000

Adopting the processes, culture and technology and introducing new digital capabilities to deliver a new, modern digitally capable Social Care system. This will enable service enhancements, cost reduction and improved demand management.

We will establish cross-cutting digital solutions for staff, residents and partners. Implement technical solutions identified and co-designed with services which support the realisation of benefits for whole-system change. Exploit opportunities to join-up data, scale solutions and improve sustainability of services. This will be enabled by developing a number of the capabilities and dimensions of a digital Council, online/web, automation/Artificial Intelligence/Robotics including Care-bots, information and insights from data and analytics, tech/app enabled new business, tech-enabled services for residents, social media platforms and content.

Digital access and training programmes available for residents including digital hubs supporting community access and innovation. This will provide a range of benefits such as giving residents a seamless public service digital experience. There will be a Social Care benefit from improved demand management and increased capacity (time to focus on task). Real time data insights will mean social care can manage demand and support residents most at risk. It will also allow operating cost reduction from demand management and automation across services.

Efficiencies will include reduced demand from resident's unnecessarily re-entering system. It will make it easier for resident's support to be reviewed regularly. There will be a possible reduction in unit cost of care (peer/market comparison) as well as a reduction in the Social Care workforce as a result of a leaner system.

This proposal has a neutral equalities impact.

5 – Redesign of day care service - £100,000

This business case focuses on the transformation of both internal and externally commissioned day opportunities.

The transformation of in-house day opportunities in Phase 1, commenced pre-Covid-19 and was focused on Options Day Services. Over forty residents who utilised this support were involved in co-producing the future 'offer' one where the building would be open seven days a week offering a range of short courses and opportunities to promote independence rather than a 'one size fits all' offer.

The new model for Day Services will utilise direct payments and pooled budgets to support engaging a range of tutors and specialists to deliver small-group sessions for our residents which support them in being fully active participants in Hammersmith and Fulham and would be underpinned by a less expensive and dated model of 'day care' where residents are transported on a mini bus first thing in the morning and dropped off back at home at the end of the afternoon.

The model aligns to transformation elsewhere in Social Care, (Front Door, Reablement, Conversations Matters, Mental Health Integrated Teams around Primary Care Networks) and there are other synergies with the Community Aid Network and Mutual Aid Groups.

In the context of Covid-19 we have re-visited what the transformation of both in-house and commissioned Day Services could look like, mindful of Public Health England guidance and associated restrictions around numbers. It is clear that a peripatetic model of support provided in the community/in people's homes/using digital communication platforms is one key strand of the model going forward.

Another could be targeting those residents (and their families) most isolated and in need of support and re-purposing our buildings to meet their needs (within PHE support bubbles). Either way, the new model of Day Services provides opportunities

for efficiencies in staffing and in transport and going forward, a co-produced model will inform a more significant saving in 2022/23.

This proposal is neutral as the day service is proposed to be remodelled and provided in a different way.

6 - Management and agency staff workforce re-design - £200,000

The proposal will be to further streamline the management in Social Care and reduce the agency staff bill. Covid-19 has provided a focused level of detail use of the agency staff employed in the department and this review is proposed to reduce the agency staff numbers by 50% by April 2021.

This proposal relates to better resourcing and deployment of staff. The department will continue to be measured by the same resident-focused performance measures and residents will not experience a decline in service.

This proposal has a nil/neutral equalities impact.

EIA – Social Care Investment and Covid-19

1 – Demographic pressures in Social Care – £471,000

The Social Care budget is under severe pressure due to an ageing population, increasingly complex needs resulting from learning disabilities and mental health issues. As people age their needs become more complex or their informal care arrangements often break down, as unpaid carers can no longer support their relatives and friends. These demographic pressures need to be factored into Social Care service plans, as they represent a clear cost pressure that will impact on services. Whilst the numbers receiving support from Council may not increase significantly, the cost of care packages will increase reflecting more complex needs, including supporting individual in their own homes. For H&F demographic pressures relating to the increased numbers of older and disabled people requiring Social Care is forecasted to be an average of 3.4% increase over the period 2020 to 2024 which equates in monetary terms to a cumulative total of £2.978m over this period.

2 – Learning disability (LD) transitions – £889,000

Additional funding is required for the LD budgets to fund the increasing number of disabled children transitioning into adult services.

There are several factors causing cost pressures in LD which include:

- Increasing volumes of disabled children transitioning into adult services reflecting the fact that more children with significant disabilities live to become adults.
- Increasing acuity of need.

- People with LD now have a life expectancy which is not particularly shorter than the general population.
- As people with LD age, so does the age of parents who can no longer provide the care and support they used to, which results in increased demand for social care services.
- Increasing numbers of care packages/direct payments against LD budget for those not meeting LD but having assessed needs relating to their autism.
- Lack of in borough provision resulting in high cost of Out of Borough (OoB) placements.

For one-year £889,000 will be needed to fund 28 new customers.

3 – Hospital discharges – £1,035,000

The Government has issued guidance that any patients discharged from hospital between 19 March 2020 and 31 August 2020, whose discharge support package has been paid for by the NHS, will need to be assessed and moved to core NHS, social care or self-funding arrangements. Therefore, there is a high expectation that discharges made from hospital into health settings will be reassessed into the Social Care market. The financial consequences are likely to be more significant in 2021/22 with a full year impact estimated at £1.035m

These investments will have a positive impact due to additional funding of £2.395m that will result in additional resources for Social Care services.

Public Health Savings Proposals

Three savings are proposed for public health, each relating to better procurement and contract management. In each case savings will result in the same or better services, and funds released will be reinvested in public health outcomes.

1 Savings and procurement for health visiting and school nursing – £600,000

The proposal is to procure the 0-19 healthy child programme including health visiting and school nursing with improvements to outcomes through a refreshed model for a competitive price, with savings reinvested in public health outcomes.

The savings proposed are contractual. Through benchmarking it has been identified that the Council is currently paying over the London average for services of this kind and a reduction in contract price will generate efficiencies without reducing outcomes.

Elements of the service are required by law and outcomes are reported and monitored by Public Health England through the public health outcomes framework.

This proposal has a neutral equalities impact.

2 Cardiovascular disease prevention re-procurement - £160,000

There are proposals to re-procure stop smoking services and bring adult weight management services in house, with savings reinvested in public health outcomes. There will be discussions with Sports and Leisure to ensure access to programmes and activities for those who do not want to access gyms.

It has been identified that there is currently duplication with the Environment Department in the services that are accessible to residents in relation to weight management i.e. physical activity, wellbeing, nutrition and cook and eat sessions.

Health and Social Care commission will work with Sports and Leisure to ensure that services are accessible through current referrals routes and provision is enhanced through Sports and Leisure.

Savings will be made through efficiencies and reductions in duplications rather than reductions in services accessible to residents.

This proposal has a neutral equalities impact.

3 Contract variation for Support and Advice on Sexual Health - £122,000

The proposal will review the model, reduce the focus on general activities to enhance the approach to targeted activities and associated outcomes, with savings reinvested in public health outcomes.

Mitigations to the reduction in contract price will be to reduce the promotional advice and information services in the community and offer less professionals training, have greater presence online and maintain targeted work with those in greatest need.

Costed plans and service remodelling will need to be agreed and commissioners will work with the provider to minimise the effect on service users.

As services are in their fourth year, SASH has a footprint in the borough, so promotion of services can be refined.

The proposal to reconfigure this service will have a neutral equalities impact. The contract variation proposals will be limited to universal services and training and do not affect targeted work. Advice and information will be available online.

Children's Services Savings Proposals

1 – Care Leavers Accommodation Programme - £400,000

This programme aims to increase supply of local quality housing provision for care leavers. This proposal will enable H&F's care leavers to be placed locally with

greater access to local services and opportunities. This includes allocated social workers, family and support networks. It is therefore believed that this proposal will have a neutral impact as the savings proposals will not see a reduction in services levels and support will continue to be provided to vulnerable children.

2 – Disabled Children Care packages, direct payments and residential placements - £268,000

Savings will be delivered from the overall Disabled Children's Team Short Breaks budget which funds a combination of care packages, direct payments and residential placements for disabled children in Hammersmith & Fulham who are assessed as eligible for support either through assessment under the Children Act 1989 as Children in Need or through assessment under the Chronically Sick and Disabled Persons Act 1970 as being eligible for short breaks. The proposals will deliver savings through:

- Co-production with parents and carers of a transparent resource allocation process
- Recouping of unused direct payment balances in line with Direct Payment Policy
- Direct payments and care packages increased where necessary to prevent children becoming Looked After Children
- A new community behaviour outreach service
- Improved joint funding CCG and across High Needs Block expenditure

Service developments will deliver improved services which will ensure that support is available for disabled children and their families as required, further improved use of local services and development of new services such as the behaviour outreach service will see improved outcomes.

Development of the co-produced eligibility and resource allocation system is ongoing and will not be launched until parents are satisfied that it is fair and equitable, this system will be reviewed from a legal perspective to ensure that the process is appropriate. It is not the intention of this proposal to reduce services to any child, rather it will provide a clear guide to eligibility.

These proposals will have a neutral impact on those with protected characteristics because while the services in question are delivered for disabled children who clearly have protected characteristics, none of the actions will deliver cuts in services to either the group as a whole or to any individual child.

3 – Children & adolescent mental health services (CAHMS) and Wrap around - £80,000

This proposal will bring inhouse the Parental Therapy Programme service to be provided from within Children and Young People's Services by Hammersmith & Fulham's Clinical Team.

The service offers brief or time limited systemic psychotherapy to parents, carers and their families to address safeguarding concerns and reduce the impact of parental mental health on children and young people.

Based on the low number of referrals to the service there is an opportunity to absorb this function effectively within Hammersmith & Fulham's Clinical Team.

Benefits of this change to an in-house model include:

- Improved and increased direct therapeutic work with parents of children and young people in need of support to manage safeguarding related risk.
- Increased system wide understanding of effective approaches to engaging vulnerable families with the aim of supporting families to stay together.
- Increased engagement of parents in specialist treatment and support services which is more likely to lead to reduced number of children on a child protection plan due to parental mental health, domestic violence or substance misuse.
- Improved support to professionals to understand parental mental health and plan effectively to reduce safeguarding concerns.

This proposal has a neutral equalities impact.

Children's Services Investment Proposals

4 - Travel care and support – expenditure in education and health care plans (EHCPs) travel related costs £700,000

Budget growth is requested to reflect the increased demand of children and young people accessing travel care and support services. It is believed that this proposal has a neutral impact on those with protected characteristics because the budget provides investment to ensure the needs of Hammersmith and Fulham children and young people are met to the same high standards of service provision in line with statutory requirements.

5 - The Haven £310,000

The investment in The Haven consolidates and supports a change in the business model which has enabled children with complex disabilities who need to be accommodated (Looked After) to remain living in Hammersmith and Fulham, having regular contact with families and remaining at their local special schools. This forms an expansion of the Local Offer for Disabled Children in Hammersmith and Fulham.

This proposal has a positive equalities impact.

6 - Client related non placement costs - £305,000

Costs related to sections 17 and 23 support for children and families have exceeded budget for the past two years due to increased demand. Section 17 expenditure is cost related to supporting children and families to remain safely living together in the

community. It includes support for subsistence, essential items, living costs, family support workers, etc. to support children's wellbeing, keep them safe and reduce escalation of need and likely entry into care. Section 23 expenditure is cost related to supporting children looked after. This includes transport to school and appointments, contact escorts, setting up home allowances, subsistence payments etc. Transport related cost constitute the biggest spend.

It is believed that the proposal to increase this budget has a positive impact on those with protected characteristics as the proposals are in line with the business as usual functions of the department to safeguard and promote the welfare of children within the area who are in need; and to promote their upbringing by their families, by providing a range and level of services appropriate to those children's needs. The proposals will continue to ensure that the financial or cost related support given to children and families are purposeful and meet an identified need. An assessment will determine the need for support and the particular support identified as essential to meet the needs of the child and/or prevent the child from suffering significant harm. The assessment will take into account any protected characteristics of a child or family to ensure that they are not negatively affected, and an allocated worker will usually be involved with the family to ensure that the support is based on assessed need and its effectiveness is reviewed.

It is believed that this proposal has a positive impact

7 - Legal Services Investment £300k

Investment in legal support to continue to fulfil statutory responsibilities in the delivery of services. A high proportion of care proceedings resulted in Supervision Orders in 2019/20. Legal expenditure ensures that those children most at risk are protected in the long term through court orders which provide them with security and stability.

There is a neutral equalities impact because the decision to take court action is led by need; court action will be taken for any child suffering or likely to suffer significant harm where no other intervention can provide the necessary protection.

Resources savings and change proposals

1 - Digital services operational costs review - £100,000

This proposal aims to identify additional operational savings from reducing further demand for support/reduction in devices.

This proposal has a neutral equalities impact as it focusses on managing service demand relating to back office staff and functions and has no impact on residents.

2, 3,4 & 6 - Digital services contracts review - £275,000

This proposal focusses on managing and procuring contracts more effectively and realising efficiencies relating to back office staff and functions.

A systematic review of all line of business application contracts used throughout the council with the aim of reducing cost through renegotiation (£100,000), decommissioning data centres (£75,000), plus a reduction in printing volumes (£40,000) and re-procurement of the printing contract in line with the new ways of working and corporate accommodation strategy (£60,000).

This proposal has a neutral equalities impact as it focuses on managing and procuring contracts more effectively and efficiencies relating to back office staff and functions. As such there are no adverse equality implications for any particular groups, residents and employees alike, with protected characteristics.

45- Restructure of procurement service - £82,000

Savings will be secured using vacancies arising from staff turnover where posts have been deleted.

This proposal has a neutral equalities impact as there are no direct impact on residents or employees as a result of the proposals.

Finance – savings and change proposals

1 - Departmental restructure and review - £400,000

Savings will be generated from the use of vacancies arising from staff turnover, reviewing functions and processes to improve productivity and automation.

This proposal has a neutral equalities impact as it is not expected that there will be any compulsory redundancies or any direct impact on any residents or employees. Where there are staff changes leading to savings, Equality Impact Assessments will be carried out as part of the reorganisation process.

2 – Reduction in internal audit contract costs - £50,000

Better use of current contract provision for internal audit.

This proposal has a neutral equalities impact as the reduction of audit budgets has no direct impact on residents or employees.

Finance Investment Proposal

3 – Corporate Business Intelligence

Investment of £100,000 in the business Intelligence service to deliver further savings by correctly identifying residents in receipt of single person discounts and other savings initiatives.

The investment will have a positive impact through the generation of additional income that supports council services.

Economy savings

1 - Business Rates challenge (Growth service) - £36,000

A number of properties where the Council owns the lease are no longer occupied by the Council and therefore no National Non Domestic Rates (NNDR) is payable. This proposal is a one-off saving as these properties may come back to the Council next year.

This proposal has a neutral equalities impact.

2 – Review of Senior Management (Economic Development) - £104,000

This proposal is a staffing change that is part of a wider refocusing of Economic Development which will have a positive equalities impact. Activity will support Hammersmith & Fulham's inclusive economy objectives and offers help for residents that are furthest from the labour market. Specific measures will be delivered supporting disabled residents, Black and Minority Ethnic (BAME) residents, Special Education Needs (SEND) and those with learning disabilities. Targeted interventions are also planned for young people and older residents. Alongside this, there will be specific activity to support local businesses in the borough.

3 – Reduction in the use of temporary accommodation - £196,000

The proposal will increase access to longer term accommodation in the private rented sector and reduce temporary accommodation use.

This proposal has a neutral equalities impact.

4 – Consolidation of management & workforce and reduction in the use of agency staff (Housing Management) - £100,000

This proposal and subsequent restructure will reduce agency staff and enable overall staffing. This is the beginning of a phased savings delivery programme.

This proposal has a neutral equalities impact.

5 - Review of senior management and business support (Direct Delivery) - £9,000

This proposal delivers staffing efficiencies.

This proposal has neutral equalities impact.

6 - Income/Debt avoidance: deposit system on all new leases (Growth service) – £25,000

This proposal will reduce the likelihood of irrecoverable debt through better debt management.

This proposal has a neutral equalities impact.

7 - Commercialisation of Planning Fees (Planning) - £350,000

This proposal refers to a review of planning fees and charges which focusses on developing a commercial approach to charging developers and includes a proposal to implement charging for the duty planner service.

This proposal has a neutral equalities impact.

8 – Expansion of Design Review Panel (Planning) - £20,000

This proposal refers to an increased scope of service and fee for that expertise realised in our Design & Review Panel.

The proposal is expected to have a neutral impact on those with protected characteristics.

9 Service restructure and review (Facilities Management) - £263,000

This proposal refers to a restructure which includes a reduction in senior management costs. Savings will be generated from vacancies and reviewing functions and processes to improve productivity. It is not expected that there will be a direct impact on any residents or employees. Where there are staff changes leading to savings, Equality Impact Assessments are carried out as part of the reorganisation process.

This proposal has a neutral equalities impact.

Environment Savings

1 – Re-alignment of the Reactive Footway Repair Service - £150,000

This proposal will use the capital budget to complete more focused planned maintenance by resurfacing on the worst section of footways.

This would mean increased capital investment, which could be funded through borrowing (low interest rates currently) and proper phasing for reducing revenue spend, as it will take time to undertake the required works.

This proposal has a neutral equalities impact.

2 – Special Projects & Highways Service Structure Review - £150,000

This is a new integrated proposed team structure.

This proposal has a neutral equalities impact.

3 - New Leisure Contract - £101,000

This is an uplift in an existing saving from 2020/21 in respect of increased management fee income from the new Leisure Contract. Capital investment in the sports facilities at Lillie Road Fitness Centre and Phoenix Leisure Centre is expected to increase use of the facilities and therefore increase the amount of income generated by the contractor (of which the council gets a share).

This proposal requires a one-off investment of £1,500,000 which is funded through the capital programme. The facilities are public leisure facilities available for all to use (charged for at the point of use).

This proposal has a neutral equalities impact.

4 - Intelligent Street Lighting Energy Management - £79,000

This is an uplift from an existing saving in 2020/21. This proposal is to install sensors on street lighting (streetlamps, illuminated signs and bollards) in order to remotely control hours and levels of illumination. Requires circa £1,100,000 of one-off investment which is allowed for within the capital programme.

Levels of illumination are driven by the needs of the wider public (i.e. in accordance with levels of natural daylight).

This proposal has a neutral equalities impact.

5 – Cease Inform 360 Contract – Netcall Solution - £71,000

This proposal is to cease the Inform 360 contract as it is now included in Net Call requirements post insourcing. These are part of the corporate contract. The contract ended in October 2020.

This proposal has a neutral equalities impact

6 New structure for Technical Support Team - £56,000

Structure change can be achieved through recruitment freeze and structural changes (including voluntary redundancies, if necessary).

This proposal has a neutral equalities impact.

7 – Reduction in Maintenance of Assets - £40,000

Some of our public square assets are only available for a limited time as the space is now used more for events and markets. The proposal is to reduce maintenance costs in light of this.

This proposal has a neutral equalities impact.

8 - Maximise Pest Control Income - £35,000

This is an uplift in a saving brought forward in 2020/21. The Pest Control service is a paid for service available to the wider public and businesses. The saving relates to an additional income target. Provision of the service does not vary according to any particular group with protected characteristics.

This proposal has a neutral equalities impact.

9 Introduce differential charges for commercially led Land search enquiries and S106 agreements - £17,000.

This proposal increases the search fee enquiries that are requested by Developers and other commercial parties to assess development opportunities or to update their investment portfolio information.

This proposal has a neutral equalities impact and implications from proposals by Developers will be assessed as part of the Planning approval process.

10 Parking £400,000

This is based on changes to the target operating model and more efficient working.

This proposal has a neutral equalities impact.

Summary on impact on the budget

Social Care & Public Health

The 2021/22 proposals are detailed in this report. The proposals generally centre around promoting independence, early intervention and bringing together contracts to reduce management costs. These will be achieved without any anticipated adverse impact on people who use the services. All of the proposals therefore have a neutral equalities impact.

Children's Services

The savings proposals for these vital services to vulnerable children and young people will be delivered through promoting greater independence, more access to support within the community and increasing the number of in-borough placements. Together with a bigger emphasis on recoupment of unused direct payment balances, these proposals will realise cost savings whilst ensuring a neutral equalities impact.

The requests for growth funding are primarily to align budgets with the demand led growth in numbers that services are experiencing. These proposals will ensure that

we continue to achieve a neutral equalities impact for these children and young people.

Resources

The efficiencies proposed are contract related or staffing. A review of all services will be conducted to inform the savings. A neutral equalities impact is anticipated.

Finance

The majority of savings from this department relate back office staff and functions and managing and procuring contracts more effectively. As such there are no adverse equality implications for any particular groups, residents and employees alike, with protected characteristics. Where proposals affect staff, more detailed impact assessment will follow in line with the HR policy and procedure.

Economy

Key elements of the savings proposals from this department are associated with the Commercialisation of Planning Fees, discharge of a main housing duty in the private rented sector and reviews of staffing and senior management in Facilities Management and Economic Development.

Environment

Savings will be realised through continued saving (identified in 2020/21): energy management via intelligent street lighting (investment to save); more income anticipated from the new Leisure contract (increase in the council's share following capital investment into facilities); and maximising income from Pest Control services.

Savings will also be realised through new initiatives: reduced revenue maintenance costs;; Ceasing the inform 360 Contract to eliminate duplication; and introduction of differential Land charges (commercially led).

These proposals are expected to result in a neutral equalities impact.

Conclusion

Overall, these collective budget proposals are likely to result in a neutral impact on groups with protected characteristics, under the Equality Act 2010.

Council departments that have outlined efficiencies around staffing, these are centred around residents not experiencing any decline in services. They are anticipated to be realised through 'natural wastage' and the reduction in agency staff, avoiding compulsory redundancies. For any proposed restructure, an Equality Impact Assessment will be undertaken as part of the reorganisation process.

As proposals are developed further, the assessment to date will be built upon and the impact will be assessed further and any mitigating measures identified, where appropriate, to prevent unreasonable impacts on any groups with protected characteristics.

The Business Rates Retention Scheme for Hammersmith and Fulham

The actual LBHF forecast is provisional pending completion by H&F of the Government NNDR1 Return.

		2021/22 £m
Step 1	Business rates baseline Notification from the government of the business Rates they expect Hammersmith & Fulham to collect	78.155
Step 2	Tariff Payable to government	(16.299)
Step 3	Funding baseline The income from business rates that government modelling assumes Hammersmith & Fulham will retain	61.856
Step 4	Actual Hammersmith & Fulham forecast of business rates income This will be updated when the NNDR1 Return is completed. Due to the impact of appeals and Covid-19 it is assumed it will match the safety net threshold. If the forecast falls below the threshold then compensating safety net grant will be receivable from government.	57.217
Step 5	Safety net threshold The safety net threshold is set at 92.5% of the funding baseline and is the minimum amount of funding guaranteed by government.	57.217
Step 6	Safety net compensation Sum receivable by Hammersmith & Fulham to bring it to the safety net threshold (Step 5 less step 4).	0

The London Borough of Hammersmith & Fulham share of business rates income included in the 2021/22 budget is £57.217m. This is the minimum sum guaranteed by the safety net threshold. This is £4.640m lower than the funding baseline (step 3) assumed by the government.

Spending Power calculation

The provisional 2021/22 local government finance settlement (LGFS)

1. The provisional LGFS 2021/22 was published on 17 December 2020. Some individual grant allocations have yet to be confirmed (and are estimated) and all figures may be adjusted as part of the final LGFS due in January 2021. The key Hammersmith & Fulham figures are set out in Table 1 and Table 2.

Table 1 – Un-ringfenced government funding

Confirmed allocations	2020/21 £000s	2021/22 £000s
Revenue support grant	17,410	17,506
New homes bonus grant	6,863	5,274
Social care support grant	5,956	7,994
One-off local council tax support grant	0	1,355
Other general grants	4,740	6,149
Total	34,969	38,278
Grant increase – cash		3,310
Grant increase – cash terms %		9.4%

Table 2 - Ringfenced funding allocations

	2020/21 £000s	2021/22 £000s
Public Health	22,077	22,077
Improved Better Care Fund/ Winter Pressures	9,732	9,732
Homelessness Prevention (like for like basis)	3,373	3,774
Other	232	184
	35,414	35,767

2. The government place restrictions on how Public Health Grant and Better Care Funds are used. These grants are allocated to departmental budgets before the calculation of the Council budget requirement.

2021/22 spending power

3. In the settlement announcement the government state their view of the change in local authority spending power. As well as government funding this includes their assumption on what local authorities will collect through council tax and business rates. The figures are set out in Table 3. The Hammersmith & Fulham increase is below the London and national average increase.

Table 3 – Government spending power calculation

	2020/21	2021/22
Hammersmith & Fulham	+5.9%	+4.0%
London Average ¹	+6.3%	+4.3%
National	+6.1%	+4.5%

5. The government spending power calculation:
- Takes no account of inflation or increased demand and demographic pressures.
 - Assumes that authorities will increase council tax by 2% and levy the adult social care precept at 3%.
 - Assumes that authorities will collect business rates in line with their funding baseline.² Due to the impact of rate appeals the sum receivable by Hammersmith & Fulham may be £4.6m³ lower.
- 6 As set out in Table 4 when account is taken of the above factors the local spending power reduction for Hammersmith & Fulham is estimated at 4.4%.

Table 4 – Hammersmith & Fulham spending power reduction

	£m
Government Spending Power calculation 2020/21	168.1
Government Spending Power calculation 2021/22	174.8
Less:	
Business rates below funding baseline	(4.6)
Inflation provision	(4.4)
Increase in demographic pressure/ Covid-19 impact	(5.1)
Adjusted Hammersmith & Fulham Spending Power calculation 2020/21	160.7
Adjusted reduction (4.4%)	(7.4)

¹ Estimated figure from the Local Government Association.

² This figure is the net business rates the government expect Hammersmith & Fulham to retain after payment of a tariff to the government.

³ Subject to completion of the 2021/22 NNDR1 business rates return in January 2021.

2021 Reserves Strategy and Action Plan

Summary

The Council faces an unprecedented financial challenge due to the impact of the Coronavirus (Covid-19) pandemic, the continuation of underlying budget pressures from increased demand and demographic pressures and uncertainty regarding future government policy and funding. Continued action is required to ensure that reserves remain adequate to meet the pressures facing the council over the medium term and deal with future unexpected events. The reserves strategy acknowledges the challenges facing the council. It is supported by an action plan that proposes measures which improve the medium-term outlook. The measures taken since the action plan was approved in 2019/20 have already improved the reserves forecast by £23.5m.

Hammersmith & Fulham carried forward a general balance of £19.0m and earmarked reserves of £61.2m at the start of 2020/21. Based on the most recent comparative data (the start of 2019/20) the council's reserves are slightly below average, both in overall value and as a percentage of net revenue expenditure, for a London Borough.

The Council has already committed to use reserves to fund several major initiatives and priorities. It also faces significant current and future financial risks (such as the current year forecast budget overspend of £5.7m regarding the impact of Covid-19 and other budget pressures) and potential costs of future service improvements.

Detailed Analysis

1. Local government reserves play a crucial role in good public financial management. They exist so that a council can make one off investment in service transformation for the future or to respond to one off unexpected events or emerging priorities and needs. They are the foundation for good financial management and resilience. As one-off resources they can only be spent once.
2. The Chartered Institute of Public Finance & Accountancy (CIPFA) maintains guidance on the establishment and maintenance of local authority reserves and balances. The guidance identifies that reserves can be held for three main purposes:
 - As a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general balances
 - As a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general balances: the current Covid-19 pandemic emphasises the need to maintain reserves at an adequate level with several councils across the country now running into difficulties without an adequate safety net
 - As a means of building up funds to meet known or predicted requirements; these specific reserves are known as earmarked reserves.
3. At the start of 2020/21 Hammersmith & Fulham carried forward General Fund reserves and balances of £80.2m. The split, and trend since 2016/17, between the general balance and earmarked reserves is set out in Table 1.

Table 1 – The general balance and earmarked reserves 2016/17 to 2020/21

	Opening balance 2016/17 £m	Opening balance 2017/18 £m	Opening balance 2018/19 £m	Opening balance 2019/20 £m	Opening Balance 2020/21 £m
General balance	19.0	19.0	19.0	19.0	19.0
Earmarked reserves	90.0	82.9	94.4	62.3	61.2
Total	109.0	101.9	113.4	81.3	80.2

4. Based on the most recent comparative data (the start of 2019/20) the council's reserves are slightly below average, both in overall value and as a percentage of net revenue expenditure, for a London Borough. A comparison against the average for a London Borough is set out in Table 2.

Table 2 – Comparison to other London Boroughs

Measure	Hammersmith & Fulham	Average for London Boroughs	Ranking relative to other London Boroughs (/32)
Total general fund and non-schools earmarked general fund reserves as at 31 March 2019 (£000s)	81,313	106,462	15
General fund and non-schools earmarked general fund reserves as a percentage of net service revenue expenditure (%)	36%	42%	16

5. As part of the Audit Findings Report for the year ended 31 March 2020 the Council's external auditors (Grant Thornton) commented on the level of the Council's reserves:

'the Council's reserve position is reasonable but allows no room for complacency or further diminution of those reserves. We would urge that members fully digest the lessons from recent Public Interest Reports and other commentary from sector financial experts as they approach the 2021/22 budget setting round'.

6. The Council continues to take robust action to ensure reserves are maintained at sufficient levels. It has put in place a reserves strategy to ensure effective oversight regarding the level and use of reserves and has established an action plan to maintain reserves at an appropriate level.

General balance

7. Under Section 25 of the Local Government Act 2003, the Director of Finance is required to include, in budget reports, her view of the adequacy of the balances and

reserves the budget provides for. The level of balances is examined each year, along with the level of reserves, considering the risks facing the authority in the medium term.

8. Given the ongoing scale of change in local government funding, and risks facing the Council, the then Strategic Director of Finance and Governance considered, as part of the 2020/21 budget report, that general balances need to be maintained within the range of £14m to £20m. The current general balance of £19m falls within this range. It represents 3.6% (equivalent to 13 days spend) of the council's gross budget of £528m.
9. The Covid-19 pandemic has emphasised the need for reserves to be maintained at an adequate level. The lack of an adequate safety net has resulted in several councils, including Croydon and Bexley in London, across the country running into difficulties. Given the heightened financial risks facing Hammersmith & Fulham it is proposed that, over the medium-term, the council seek to increase the optimal range for general balances to between £19m and £25m.

Earmarked reserves

10. In accordance with CIPFA guidance, earmarked reserves are held for several purposes:
 - sums set aside for major schemes, such as the decant from the Town Hall as part of the Civic Campus scheme
 - insurance reserves
 - service transformation
 - to meet one-off pressures
 - unspent revenue grants, held for specific purposes.
11. Whilst use of accumulated reserves can be part of a plan to ease future budget reductions and to allow longer term savings to come to fruition, it is not a prudent use to draw down reserves with no clear plan on how any budget gap will be bridged once reserves are no longer available or how reserves will be replenished.
12. Some earmarked reserves have restrictions placed on their use. For example, reserves relating to unspent revenue grants may have conditions on their use. The main restricted reserves for Hammersmith & Fulham are set out in Table 3.

Table 3 – Restricted and earmarked reserves

	Opening balance 2020/21 £m
Covid-19 grant funding (to be applied in 2020/21)	6.2
Revenue grants	3.2
Insurance fund	5.9
Other	0.5
Restricted reserves excluding developer contributions	15.8
Developer contributions (Section 106 and Community	16.6

Infrastructure Levy)	
Restricted reserves including developer contributions	32.4
Other earmarked reserves (unrestricted)	28.8
Total earmarked reserves	61.2

RESERVES STRATEGY

- 13 The council's current reserves strategy is based on the following key principles:
- General Balances to be reviewed annually as part of the Council Tax and Budget report. They have remained within the current range of £14m to £20m for the last decade. Over the past year, national political and economic risk and uncertainty, including the impact of the Covid-19 pandemic, has increased significantly. After years of government funding reductions there is very limited capacity to manage unplanned costs within annual departmental revenue budgets and corporate contingencies. It is proposed that general balances are revised upwards, with a target of £25m over the medium-term, to mitigate against the heightened financial risks that the council faces.
 - Those reserves no longer required for their intended purpose are identified and made available for other defined priorities.
 - The level of reserves and forecast to be re-assessed every 6 months to ensure their adequacy.
 - The risk assumptions to be reviewed every 6 months.
 - A long-term view will be used when assessing the use of reserves to ensure that existing commitments and agreed priorities can be delivered.
 - Being 'ruthlessly financial efficient' will underpin any request for use of reserves. Internal bids for one-off funding will be peer challenged and clear business cases presented so that using reserves is agreed in exceptional cases. The 'one-off nature' and funding solution/ outcome will be rigorously assessed during the funding term and at the end of life. Use of reserves will only be progressed once agreed with the Director of Finance, the Chief Executive and cabinet members.
 - Reserves can only be used once and the required future service transformation is significant given the expected future financial challenges. In accordance with proper accounting practice, and subject to affordability, the draw down from reserves will be minimised through consideration of government provisions for the flexible use of capital receipts, securing an appropriate contribution from partners and non-General Fund services, revenue contributions and regular balance sheet review.
 - When the council is in receipt of one-off and non-recurrent resources it should aim to utilise them to replenish and top-up reserves. The 2020/21 budget included a contribution, from one-off items, to reserves of £7.167m. **A further contribution of one-off sums of £1.1m is planned as part of the 2021/22 budget.**
 - The reserves strategy will be supported by an action plan, that is updated regularly, that aims to ensure the adequacy of reserves over the medium-term.

The planned use of reserves

General balances

- 14 In accordance with the proposed 2021/22 budget strategy, general balances will be held within the range of £19m to £25m. This falls within the range of 3.5% to 4.7% of the council's gross budget of £528m. This sum is reviewed annually, after consideration of the financial risks facing Hammersmith & Fulham, as part of the Council Tax and Budget Report.
- 15 General balances cover unforeseen financial risks and provide cover for unexpected or unavoidable additional costs. Should general balances be anticipated to fall below the recommended range then concerns would arise regarding the council's financial resilience and sustainability.
- 16 General balances have remained within the range of £14m to £20m for a decade. The past year has seen an increase in national political and economic risk and uncertainty. Future finances and demand for services, both at a national and local level, will be affected should such risk result in an economic slowdown. In addition, after years of reductions in government funding there is very limited capacity to manage unplanned costs within annual departmental revenue budgets and corporate contingencies. Given the heightened financial risk the recommended optimal range has increased to between £19m and £25m.

Unrestricted earmarked reserves

- 17 As set out in Table 3 the level of unrestricted earmarked reserves carried forward at the start of 2020/21 was £28.8m. In accordance with the reserves strategy the intended purpose, and level of such reserves has been reviewed. The proposed balances carried forward are set out in Table 4 with further detail provided in Appendix K.

Table 4 – Proposed earmarked reserves (unrestricted) as at 1 April 2020

	£m
Civic Campus (based on a 3.5 year relocation)	13.4
Dedicated Schools Grant (DSG) High Needs Block deficit reserve	3.6
Demand and pressures	9.0
Managed services	0.2
Temporary accommodation	0.4
Unallocated contingency	0.3
Invest to save	0.2
Technology and IT	1.2
Contribution to local elections	0.2
Controlled Parking/ Miscellaneous	0.3
Total earmarked reserves	28.8

- 1.18 Based on the approved commitments, and budgeted contributions, a cash flow forecast of earmarked reserves (unrestricted) has been undertaken to 2024/25 (Appendix L). The forecast identifies a balance of £44.0m that has yet to be committed.

Table 5 – Unrestricted earmarked reserves forecast to 2024/25 based on existing commitments

	£m
Balance at 1 April 2020	28.8
Less existing commitments (Appendix 1)	(26.9)
Add:	
One-off contributions approved as part of the 2020/21 budget	7.2
Annual recurrent revenue contributions	8.1
Business rates (timing adjustment)	4.5
Flexible use of capital receipts/ capitalisation	2.4
Civic Campus Joint Venture profit share estimate	11.1
Civic Campus section 106/ CIL contributions	5.9
Civic Campus relocation – contribution from Housing Revenue Account	2.9
Uncommitted balance	44.0

- 1.19 The forecast assumes a 3.5 year relocation regarding the Civic Campus. An option was also modelled on a 5 year relocation which would increase the call on reserves by £7.7m (of which the General Fund element would be £5.9m). Should there be any delays to the Civic Campus programme, mitigating action plans would be put in place to minimise ongoing lease costs to reflect the learning from the Covid-19 pandemic around the ability of officers to work from home to reduce any additional costs to a minimum.

Reserves adequacy and future risk / priorities

- 1.20 The Council faces several potential risks whilst indicative plans for further service transformation highlight possible further calls on reserves. These are summarised in Table 6. An action plan has been developed to mitigate against future risk with the expected benefit also summarised in Table 6.

Table 6 – Future risks / potential call on reserves to 2024/25

	£m
Uncommitted balance of earmarked reserves	44.0
Funding assumptions:	
Use of the Invest to Save Fund	(2.1)
Use of the IT and Technology Fund	(4.9)
Future risks	
Increase in the DSG High Needs cumulative deficit to 2024/25	(9.9)
Current year forecast overspend (before mitigating actions)	(5.7)
Further unfunded Covid-19 impacts	?
Any future in-year overspends	?
Workforce efficiency strategy (potential redundancy provision)	?
Potential future drawdowns	
Support for future regeneration initiatives	?
Hammersmith Bridge	?
Balance	21.4

1.21 The main assumptions that underpin Table 6 are set out below:

- The potential use of the Invest to Save Fund and Technology and IT reserves is in line with the budgeted revenue contributions to reserves, use of the existing capital receipts flexibility and commitments brought forward. In line with the proposed reserves strategy any use of these reserves will need to demonstrate that it is being ruthlessly financially efficient with peer challenge by the Chief Executive and Director of Finance.
- The DSG High Needs Block deficit increased by £5.1m in 2019/20 to stand at £19.1m at the start of 2020/21. The reserves strategy provided for an increase in the deficit of £15m from 2019/20 to 2023/24. Accordingly, a further use of £9.9m is modelled for 2020/21 onwards of which £3.6m is forecast for 2020/21. There is an opportunity to reduce this risk if future years spend is contained within the grant funding. More detailed modelling is being undertaken to reflect the final allocation for 2021/22.
- The latest forecast (month 6) is that there will forecast a overspend of £5.7m in 2020/21 before mitigating actions. This will be a charge against reserves unless further grant is awarded or mitigating actions are successful.
- Several new initiatives are expected to come on stream in the forthcoming months which will added to the forecast when agreed.

1.22 **The future risks forecast highlights a risk regarding the adequacy of the councils reserves, over the medium term, unless action continues to be taken.** The current action plan is set out in Table 7. The actions delivered to date are estimated to have already benefited the reserves forecast by £17.6m. Further opportunities will continue to be taken forward.

Table 7 – Reserves action plan

Ref	Action	Actions taken to date	Potential further opportunity
1	Relocate back to the new Town Hall Civic Campus at the earliest opportunity and in line with the current programme timetable – this would enable the break clause to be exercised at three and a half years. Were a 5 year relocation to take place the extra call on general fund reserves would be £5.9m. In addition, new ways of working following the learning from the Covid-19 pandemic may enable additional relocation savings to be realised.	£5.9m	
2	New ways of working following the learning from the Covid-19 pandemic may enable additional Civic Campus decant and other accommodation savings to be made.		On-going

Ref	Action	Actions taken to date	Potential further opportunity
3	Address the current in-year forecast overspend of £5.7m through mitigating actions or additional grant support. Action in 2019/20 saw the forecast overspend at month 6 of £9.5m reduce to £6.6m at outturn. A £2.6m benefit.	£2.6m	£5.7m
4	Prepare and agree a programme of asset disposals to deliver capital receipts to fund invest to save and IT investment costs through the flexible use of capital receipts. The regulations require expenditure to be incurred by the end of 2021/22 and £2.4m of receipts are already carried forward to 2020/21 with a further £4.4m identified within the 2021/22 capital programme.	£2.4m	£4.4m
5	Capitalisation of relevant Civic Campus costs (such as decant accommodation fit-out costs and other programme costs) and funding of these through capital receipts. High level, indicative figures show that the assumed sum that can be capitalised could increase by c£4m. £1.5m of furniture, equipment and other costs were capitalised in 2019/20.	£1.5m	On-going
6	Capitalisation of relevant Civic Campus programme costs and professional fees where these are in respect of the Town Hall refurbishment and fit out (capital works).	-	On-going
7	Review of future requests to use reserves, such as the Resident Access programme, to identify potential capitalisation opportunities. £0.2m of column replacement costs capitalised in 2019/20 to protect revenue reserves.	£0.2m	On-going
8	Ensure all Council budgets (such as the Housing Revenue Account/ Pension Fund) and partners pay a fair share of costs falling on reserves. Updated figures, that are included in the HRA business plan, suggest the potential HRA contribution could reduce the call on reserves for the new Civic Campus by £4.2m for a 3.5 years relocation. A contribution of £1.2m has already been made.	£1.2m	£3.0m
9	Peer Challenge by the Chief Executive and Director of Finance of all existing commitments.		On-going

Ref	Action	Actions taken to date	Potential further opportunity
10	Review of commitments following the exit from the previous facilities management contract. A provision of £2.5m was set aside which is no longer required.	£2.5m	-
11	Balance sheet review to establish if further reserves can be freed up. As part of the 2020/21 budget process £3.4m of historic council tax adjustments were identified as available for release. A separate exercise has been undertaken that released £3m of historic business rates adjustments to the council's Collection Fund. By preventing a deficit arising on the Collection Fund a potential future call on reserves has been avoided.	£3.4m	On-going
12	Take action to bring the 2021/22 DSG High Needs Block deficit back in balance. Use all the £2.4m of additional funding (for the next 3 years) made available through the Spending Round 2019 to reduce the call on reserves. Deliver Phase 2 & 3 of the High Needs Block deficit recovery plan.		£6.3m
13	Review external funding opportunities and developer contributions.		On-going
14	Assess the IT funding requirement over the medium-term.		On-going
15	Review the purpose for which all reserves are held on a twice-yearly basis, including those that are restricted, to ensure they are required for their intended purpose. Actions taken included above.		On-going
16	Consider additional contributions to reserves as part of annual revenue budget setting process. The 2020/21 budget includes new contributions of £3.8m from non-recurrent benefits on the collection fund and operation of the 2019/20 business rates pool. This is in addition to the £3.4m from the balance sheet review. The 2021/22 budget proposals include a further potential contribution of £1.1m from a short-term saving in the cost of the concessionary fares scheme.	£3.8m	£1.1m
	Total	£23.5m	£20.5m

1.23 The government have put in place regulations regarding the historic accounting treatment of the High Needs Block deficit so that these do not have to be matched against council general fund reserves from 2020/2021. However, it is expected that this will be time limited to three years, therefore the underlying issue will need to be

addressed during this period. Separately discussions are on-going between Hammersmith & Fulham and the Department for Education on potential financial support regarding this accumulated deficit. At the close of 2019/20, Hammersmith & Fulham has set aside, in line with audit expectations, £19.1m regarding the historic deficit and the forecast assumes the set aside of a further £9.9m to 2024/25. Should such sums no longer be required to be set aside, the current forecast would materially improve.

Restricted reserves

- 1.24 Excluding section 106 and Community Infrastructure Levy (CIL) contributions the restricted reserves of £15.8m are forecast to reduce to £6.4m by 2024/25 as they are used for their intended purpose. This takes no account of further contributions that may be received. Such reserves will be reviewed annually to ensure they are still required for their intended purpose
- 1.25 The use of section 106 and CIL contributions is subject to a separate approval and monitoring process and is regularly reported to the Finance, Commercial Revenue and Contracts Policy and Accountability Committee.

Overall cashflow

- 1.26 A reserves cashflow forecast has been undertaken. This is detailed in Appendix L with the assumptions. The forecast is for financial modelling purposes and significant uncertainty remains regarding the timing of expenditure and income flows. The forecast excludes the £16.6m of developer contributions which have restricted uses.

Table 7 – Cash flow (general balances, earmarked and restricted reserves)

Three-and-a-half-year Civic Campus relocation	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Opening balance	63.5	47.7	39.5	50.2	48.0
Forecast movement	(6.6)	(6.1)	12.9	(0.1)	(0.1)
Closing balance	56.9	41.6	52.3	50.1	47.9
Risks and other potential uses (Table 6) – cash impact	(9.3)	(2.1)	(2.1)	(2.1)	0
Revised balance	47.7	39.5	50.2	48.0	47.9
Outside the forecast					
Developer contributions	16.6				

- 3.25 The cash-flow forecast emphasises the need for regular monitoring of the reserves forecast and implementation of the action plan. Reserves can only be spent once and the future forecast identifies a tightening in the Council's finances that will need careful management and review. Continued focus will be required on keeping spend within budget, avoiding the use of reserves to balance future budgets and on rebuilding reserves to support future investments.
- 3.26 The previous reserves forecast reported to budget council estimated that reserves (excluding developer contributions of £2.2m) would be £39.2m at the close of 2023/24. This is £8.7m less than the current 2023/24 forecast of £47.9m.

Appendices

Appendix K – General Fund reserves forecast to 2024/25

Appendix L – Reserves cashflow forecast

General Fund reserves forecast to 2024/25

	Current balance at 31/3/2020	Proposed balance at 1/04/2020 after realignment	Commitments	Contributions to 2024/25	Remaining balance	Commentary
Earmarked reserves	£000s	£000s	£000s	£000s	£000s	
Corporate						
Facilities Management	2,500	0			0	Provision no longer required following end of Tri-Borough contract. 2021-25 capital programme includes funding of £13.856m.
Civic Campus	9,515	13,403	-16,298	2,895	0	<p>Future HRA contributions of £2.9m are modelled regarding the HRA share of decant accommodation lease costs. The total approved budget at January Council was £29.0m of which £11.3m was spent by the close of 2019/20 and £1.48m charged against capital. The outstanding balance is £16.2m.</p> <p>The figures assume the lease break clause is exercised at the earliest opportunity (3.5 years) and in line with programme timetables, which are currently on track. The call on reserves would increase by £7.7m (£5.9m net of HRA contributions) if the lease relocation extended to 5 years. Review will also be undertaken of further potential capitalisation of fit out costs (where capital receipts are available) and programme costs. Options to consider reduced accommodation costs eg subleasing following Covid-19 learning from working from home. The remaining balance of £17m will be available for redistribution to other reserves provided all expenditure and income resources are on track.</p>
Civic Campus (Contributions on completion - available for reallocation)				17,000	17,000	A £17m contribution is due on completion of the scheme based on a £11.m profit share from the Joint Venture and CIL contributions of £5.9m. Pending receipt this is identified as a separate potential reserve which will be available for reallocation.
Demand & Pressures*	12,509	8,930	-4,568	11,667	16,029	<p>Cabinet / cabinet member approved commitments include:</p> <ul style="list-style-type: none"> •£0.290m on final year of support to SEN Moving on Saving •£1.746m on waste, recycling and cleansing reprocurement •£1.4m on waste collection prototype •£0.750m on Early help, children's centres and youth service budget support
Invest to Save	664	235	-4,236	6,162	2,161	<p>The commitments are £33,000 for Children's Services, £52,000 for commercial initiatives, £150,000 for the new grounds maintenance contract and £4m for REAP.</p> <p>The contributions are made up of annual revenue contributions of £0.75m . In addition there is a balance of capital receipts brought forward of £2.412m (flexible use of capital receipts).</p>
Managed Services	706	150	-150		0	Commitment is £110,000 for known remaining development projects following transition to Hampshire and £40,000 contingency.
Technology and IT	1,195	1,195	-164	4,000	5,031	
Unallocated Contingency	348	348	-348		0	Balance b/fwd for existing commitments on funding for 3 prototype Ward action groups (£45,000), Brexit grant funding (£264,000) and balance of SEN reform grant (£39,000).

Departmental						
Schools Regeneration Fund (CHS)	19	19	-19		0	Commitment is for schools renewal programme agreed by Cabinet in March 2019. £0.487m used in 2019/20.
Parks (ENV)	406	0			0	Current reserve set aside to fund reactive works such as storm damage and tree works. Alternative funding may need to be sought.
Temporary Accommodation (ECO)	450	450	-450		0	Cabinet October 2018 approved £900,000 to support private sector accommodation initiatives. £450,000 budgeted to be drawn down in 2019/20 and £450,000 in 2020/21. This is a future budget pressure and has been considered as part of the 2021/21 budget.
High Speed 2 (ECO)	58	58	-58		0	Assumed this will be required.
Controlled Parking Fund (ENV)	267	267	-267		0	To be used to support the 2020/21 revenue budget income shortfall due to Covid-19.
DSG High Needs Block deficit reserve		3,582	0		3,582	The proposed balance funds the existing deficit of £19.1m (shown as a negative reserve in the statement of accounts) and provides cover for the forecast 2020/21 deficit of £3.582m.
Total Earmarked Reserves (unrestricted)	28,804	28,804	-26,875	25,116	27,045	Uncommitted (see Table 5)
Restricted Reserves						
Supporting People Programme Grant (ASC)	600	600	-600		0	Budgeted to be spent by 2021/22.
Troubled Families Grant (CHS)	795	795	-795		0	Budgeted to be fully spent by the end of 2020/21. Future budget pressure - mitigating actions being considered.
Partners in Practice Grant (CHS)	956	956	-956		0	Budgeted to be fully spent by the end of 2020/21. Future budget pressure - mitigating actions being considered.
Sullivan Service Charges (ECO)	26	26			26	Must be used on the Sullivan estate business units for workshop repairs (ad-hoc).
Barclays Sports Grant (ENV)	29	29			29	Grant funds available to fund various projects that increase participation in sport across the borough. Ad hoc payments.
LAA Waste Grant (ENV)	53	53	-53		0	Mostly a restricted external grant for recycling reward and incentive scheme. £0.074m used in 2019/20.
Fulham Palace (ENV)	371	371			371	Contractual commitment (possible available to use if not drawn down by 2021/22).
Linford Christie Fund (ENV)	7	7			7	Restricted bequest, to fund grants to young athletes as requested and agreed (ad hoc).
Local Lead Flood Authority Grant (ENV)	279	279	-279		0	This is a government grant to implement flood prevention schemes. Several projects listed against this scheme, including £100,000 match funding for £350,000 Thames Water contribution for White City Project. Without this funding the scheme would have to be abandoned and the external funding forfeited. Also forms a key part of the Council's mitigation strategy for climate change.
Insurance Fund	5,932	5,932			5,932	
Miscellaneous Grants	468	468	-468		0	Rough sleeping £51,000, national assessment and accreditation (children's) grant £49,000, supporting families against youth crime (troubled families) £280,000, assessed year supported employment £39,000 (social workers), migration control £49,000.
Covid-19 response reserve	6,221	6,221	-6,221		0	Grant received in 2019/20. Will be fully drawn down in 2020/21 to fund Covid-19 expenditure.
Restricted reserves	15,737	15,737	-9,372	0	6,365	
General balance	19,004	19,004	0	1,100	20,104	
All balances and reserves						
Total	63,545	63,545	-36,247	26,216	53,514	This figure excludes new commitments identified on the detailed cash flow.

Section 106 and community infrastructure levy contributions	16,628	16,628			16,628	
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Modelling Based on 3.5 Year Civic Campus Programme

Reserves forecast - Cashflow

Earmarked Reserves	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	Assumptions
Balance brought forward	28,804	31,162	24,401	37,283	37,158	
Expenditure						
Civic Campus	- 5,977	- 5,977	- 4,255			Assumes 3.5 year relocation
Demands & pressures	- 3,708	- 1,067				Updated cashflow from current commitments. Assume spend up to capital receipts flexibility in 2020/21 and 2 years of contributions in 2021/22 due to Resident Access and Experience Programme.
Invest to Save	- 2,412	- 1,500	- 750	- 750	- 750	Remaining developments/ commitments to be completed 2020/21.
Managed services	- 150					Assume balance b/fwd spent in 2020/21. Then spend at £1m per year over the next 4 years.
Technology and IT	- 1,164	- 1,000	- 1,000	- 1,000	- 1,000	Assume 75% spend year 1.
Unallocated Contingency	- 348					
Schools Regeneration	- 19					
Temporary Accommodation	- 450					Cabinet October 2018 approved £900,000 spread over 2 years ending 2020/21.
High Speed 2	- 58					
Local Election	- 267		- 317			
Contributions						
Revenue						
Invest to Save	750	750	750	750	750	Annual contribution
IT Investment	800	800	800	800	800	Annual contribution
Local Election	75	75	75	75	75	Annual contribution
Capital						
Capital receipts flexibility	2,412					Balance to fund Invest to Save costs in 2020/21.
Corporate Demands & Pressures						
Business Rates	4,549					Timing adjustment in relation to 2018/19.
Revenue Budget	7,167					
Civic Campus						
Section 106			5,900			Figures assumed as per approval by Council
Joint Venture Profit Share			11,100			Figures assumed as per approval by Council. The project will continue to consider profit as part of ongoing viability assessment. This will be formally revisited before the conditional land sale completes and profit share confirmed - this will continue to be monitored.
HRA Contributions	1,158	1,158	579			Based on 2019/20.
Closing Balance	31,162	24,401	37,283	37,158	37,033	
Other Potential Uses						
Available balance	28,804	24,401	37,283	37,158	37,033	
Less prior year further movements		- 9,304	- 11,404	- 13,504	- 15,604	
Current year forecast overspend (CRM 6)	- 5,722					Based on August Covid return to MCHLG
Dedicated Schools Grant High Needs Block						20/21 as per CRM 4. Balance of £6.3m split over 3 years
Deficit Reserve	- 3,582	- 2,100	- 2,100	- 2,100		
Hammersmith Bridge						No current budget provision
Workforce efficiency redundancy provision						No current budget provision
Total further movements	- 9,304	- 2,100	- 2,100	- 2,100	-	
Updated cash	19,500	12,997	23,779	21,554	21,429	Balance as per Table 4

	2020/21	2021/22	2022/23	2023/24	2024/25	
Restricted Reserves	£000s	£000s	£000s	£000s	£000s	
Balance brought forward	15,737	6,803	6,364	6,364	6,364	
Expenditure						
Supporting People	- 300	- 300				Assume equally spent over 2 years
Troubled Families	- 795					Assume spent in 2020/21
Partners in Practice	- 956					Assume spent in 2020/21
Barclays Sports Grant (ENV)						Ad hoc
LAA Waste Grant (ENV)	- 53					Assume spent in 2020/21
Fulham Palace (ENV)						Ad hoc
Linford Christie Fund (ENV)						Ad hoc
Local Lead Flood Authority Grant (ENV)	- 140	- 139				Assume equally spent over 2 years
Miscellaneous grants	- 469					Assume spent in 2020/21
Covid-19 emergency grant	- 6,221					Will be fully used in 2020/21
Bishops Park (ENV)						
						Assume no net reduction. Balance remains at £5.9m.
Insurance Fund						
	6,803	6,364	6,364	6,364	6,364	

	2020/21	2021/22	2022/23	2023/24	2024/25
General Balances	£000s	£000s	£000s	£000s	£000s
Opening Balance	19,004	19,004	20,104	20,104	20,104
Forecast Movement	-	1,100	-	-	-
Closing Balance	19,004	20,104	20,104	20,104	20,104

	2020/21	2021/22	2022/23	2023/24	2024/25
All Balances	£000s	£000s	£000s	£000s	£000s
Opening Balance	63,545	47,665	39,465	50,247	48,022
Forecast Movement	- 6,576	- 6,100	12,882	- 125	- 125
Closing Balance	56,969	41,565	52,347	50,122	47,897
Other potential uses	- 9,304	- 2,100	- 2,100	- 2,100	-
Prior years other potential uses					
Updated Closing Balance	47,665	39,465	50,247	48,022	47,897

Balance as Per Table 6

Section 106 and Community Infrastructure Levy contributions	16,628
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Agenda Item 5

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 01/02/2021

Subject: Four Year Capital Programme 2021/22 And Capital Strategy 2021/22

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

Responsible Director: Emily Hill - Director of Finance

SUMMARY

This report presents the Council's four-year Capital Programme for the period 2021 to 2025.

The Council is required by the CIPFA Prudential Code for Capital Finance (2017) and statutory guidance to prepare certain capital related strategies and policies. The Capital Strategy and Minimum Revenue Provision (MRP) Policy are included as Appendices to this report. The Treasury Management Strategy Statement 2021/22 will also be presented to Cabinet in February 2021 under a separate agenda item.

In accordance with the requirements of the Prudential Code for Capital Finance, local authorities are required to maintain a number of prudential indicators. These are set out in the Treasury Management Strategy Statement 2021/22. The indicator used to reflect the underlying need of an authority to borrow for a capital purpose is the Capital Financing Requirement (CFR) and the forecast CFR is set out within this report.

RECOMMENDATIONS

1. To approve the four-year General Fund Capital Programme budget at £158.1m for the period 2021/22-2024/25 (presented in Table 2 and Appendix 1).
2. To approve the continuation of rolling programmes for 2021/22 funded from the Council's mainstream resources. For financial modelling purposes, these programmes are assumed to continue at the same level until 2024/25:

	£m
Planned Maintenance/DDA Programme [ECD]	2.400
Footways and Carriageways [ENV]	2.030
Column Replacement [ENV]	0.346
Controlled Parking Zones [ENV]	0.275
Total	5.051

3. To delegate approval of the detailed programmes for use of the rolling programmes to the relevant SLT Director in consultation with the Director of Finance and relevant Lead Cabinet Member.
4. To note the existing mainstream funded schemes previously approved, but now reprofiled to 2021/22 and future years as detailed in Table 3.
5. To approve the four-year Housing (HRA) Capital Programme at £247.6m for the period 2021/22-2024/25 as set out in Table 5 and Appendix 1.
6. To delegate the potential application of capital receipts (up to £4.4m) under the Government's Flexible Use of Capital Receipts provisions to fund Invest to Save schemes in 2020/21 and 2021/22 (as identified in Appendix 5) and to support potential match-funding opportunities, to the Director of Finance in consultation with the Cabinet Member for Finance and Commercial Services.
7. To approve an additional budget envelope of £50m, from 2021/22 onwards, to provide operational flexibility, for taking forward the major projects set out in Capital Strategy. Use of this budget will be subject to Cabinet approval, agreement of funding sources and sign-off of an appropriate business case.
8. To approve the Capital Strategy 2021/22, as set out in Appendix 4.
9. To approve the annual Minimum Revenue Provision policy statement for 2021/22, as set out in Appendix 6.

Wards Affected: None

H&F Priorities

The Council's Capital Programme contains a number of schemes and projects which are directly linked to the Council's Business Plan 2018-22 and which will deliver the Council's priorities, as set out in the plan. The Capital Strategy set out in Appendix 4 provides more detailed information on how these projects link to the Council's objectives.

Our Priorities	Summary of how this report aligns to the H&F Priorities
Being ruthlessly financially efficient	<p>All capital investment decisions are required to be underpinned by a robust business case that sets out the full costs, funding and risks and any expected financial return alongside the broader outcomes including economic and social benefits.</p> <p>This report provides detailed analysis of the Council's capital programme financial position and highlights potential risks and their impact on the Council's resources.</p>

Financial Impact

This report is of a wholly 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.

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Background Papers Used in Preparing This Report: None

CAPITAL PROGRAMME 2021/22-2024/25- OVERVIEW

1. This report sets out an updated four-year capital expenditure and resource forecast and a capital programme for 2021/22 to 2024/25, as summarised in Table 1 below. A detailed analysis of specific schemes by service is included in Appendix 1.

Table 1 - Capital Programme 2021/22 to 2024/25

	Indicative Future Years Analysis				Total Budget (All years) £'000
	2021/22	2022/23	2023/24	2024/25	
	£'000	£'000	£'000	£'000	
CAPITAL EXPENDITURE					
Children's Services	2,090	1,800	1,076	-	4,966
Social Care	957	-	-	-	957
Environment Department	3,648	2,516	2,376	2,376	10,916
Finance	4,430	-	-	-	4,430
General Fund Schemes under the Economy Department	76,748	53,753	3,894	2,400	136,795
Sub-total (General Fund)	87,873	58,069	7,346	4,776	158,064
Economy Department-HRA Programme	74,244	66,298	74,534	32,569	247,645
Sub-total Economy Department (HRA)	74,244	66,298	74,534	32,569	247,645
Total Expenditure	162,117	124,367	81,880	37,345	405,709
CAPITAL FINANCING					
Specific/External Financing:					
Government/Public Body Grants	3,047	1,800	1,076	-	5,923
Grants and Contributions from Private Developers (includes S106/CIL)	27,169	14,789	7,422	-	49,380
Capital Grants and Contributions from GLA Bodies	632	392	-	2,100	3,124
Leaseholder Contributions (Housing)	5,380	3,791	1,402	-	10,573
Sub-total - Specific Financing	36,228	20,772	9,900	2,100	69,000
Mainstream Financing (Internal):					
Capital Receipts - General Fund	12,706	-	-	-	12,706
Capital Receipts - HRA	5,880	11,042	6,754	12,370	36,046
Major Repairs Reserve (MRR)	16,245	16,651	17,067	17,067	67,030
Earmarked Reserves (Revenue)	45	-	-	-	45
Sub-total - Mainstream Funding	34,876	27,693	23,821	29,437	115,827
Borrowing-General Fund	14,743	11,426	4,776	4,776	35,721
Borrowing-General Fund (Self -financing)	33,632	39,157	1,494	-	74,283
Borrowing -HRA	42,638	25,319	41,889	1,032	110,878
Total Capital Financing	162,117	124,367	81,880	37,345	405,709

2. The programme for this period totals £405.7m. The gross programme for 2021/22 totals £162.1m. This comprises the General Fund (GF) Programme of £87.9m and the Housing Revenue Account (HRA) Programme of £74.2m

3. The forecast is based on known funding allocations at December 2020 and will be updated in accordance with relevant government spending announcements. This will include a review of Children's Services and Disabled Facilities Grant (DFG) allocations. At present schools' funding is not confirmed by Government beyond 2020/21. As additional grants and contributions are confirmed, the General Fund capital programme will increase.

THE GENERAL FUND CAPITAL PROGRAMME

4. The General Fund programme is summarised in Table 2, below with details for each service at Appendix 1. The programme includes:
- Civic Campus Programme/ Refurbishment of Hammersmith Town Hall
 - Schools Maintenance Programme
 - Council's rolling programmes for Planned Building Maintenance and Footways and Carriageways
 - Social Care capital projects.
5. The capital programme approves a funding envelope for the rolling programmes. It does not approve how such funding is utilised. It is the responsibility of Lead Directors to agree a planned programme of reports in consultation with the Director of Finance and Lead Cabinet Member.

Table 2 – General Fund Capital Programme 2021-25

	Indicative Future Years Analysis				Total Budget (All years) £'000
	2021/22	2022/23	2023/24	2024/25	
	£'000	£'000	£'000	£'000	
CAPITAL EXPENDITURE					
Children's Services	2,090	1,800	1,076	-	4,966
Social Care	957	-	-	-	957
Environment Department	3,648	2,516	2,376	2,376	10,916
Finance	4,430	-	-	-	4,430
General Fund Schemes under the Economy Department	76,748	53,753	3,894	2,400	136,795
Total Expenditure	87,873	58,069	7,346	4,776	158,064
CAPITAL FINANCING					
Specific/External Financing:					
Government/Public Body Grants	3,047	1,800	1,076	-	5,923
Grants and Contributions from Private Developers (includes S106/CIL)	23,184	5,686	-	-	28,870
Capital Grants and Contributions from GLA Bodies	625	-	-	-	625
Sub-total - Specific Financing	26,856	7,486	1,076	-	35,418
Mainstream Financing (Internal):					
Capital Receipts - General Fund	12,597	-	-	-	12,597
Earmarked Reserves (Revenue)	45	-	-	-	45
Sub-total - Mainstream Funding	12,642	-	-	-	12,642
Borrowing-General Fund	14,743	11,426	4,776	4,776	35,721
Borrowing-General Fund (Self -financing)	33,632	39,157	1,494	-	74,283
Total Capital Financing	87,873	58,069	7,346	4,776	158,064

6. Table 3 below shows the projects funded from mainstream resource (borrowing or capital receipts) and comprises the progression and completion of existing schemes and the continuation of rolling programmes. It incorporates expenditure slippage from the 2020/21 programme as detailed in the 2020/21 quarter 3 capital monitoring report.

Table 3 – General Fund Mainstream Programme 2021-25

	Budget 2021/22 £'000	Indicative Budget 2022/23 £'000	Indicative Budget 2023/24 £'000	Indicative Budget 2024/25 £'000	Total Budget (All years) £'000
Approved Expenditure					
Ad Hoc Schemes:					
Invest to Save-Flexible Use of Capital Receipts	4,430	-	-	-	4,430
Capital Investment in Street Lighting [ENV]	269	-	-	-	269
Carnwath Road [ECD]	1,870	-	-	-	1,870
Other Highways Capital Schemes [ENV]	17	-	-	-	17
North End Road - Good Growth Fund [ECD]	610	-	-	-	610
HRA Watermeadow adjustment [ECD]	109	-	-	-	109
Hammersmith Town Hall Refurbishment* [ECD]	-	1,300	-	-	1,300
Hammersmith Town Hall Fit Out* [ECD]	7,256	2,725	-	-	9,981
Schools Regeneration Programme [ECD]	89	-	-	-	89
Farm Lane/Mund Street [ECD]	2,004	-	-	-	2,004
Investment in Affordable Housing-Lillie Road Site [ECD]	1,727	-	-	-	1,727
Education City regeneration- Youth Facility [ECD]	875	2,625	-	-	3,500
Planned Maintenance/DDA Programme [ECD]	5,268	2,400	2,400	2,400	12,468
Electric Vehicles [ENV]	549	-	-	-	549
Footways and Carriageways [ENV]	2,030	2,030	2,030	2,030	8,120
Column Replacement [ENV]	346	346	346	346	1,384
Total Mainstream Programmes	27,449	11,426	4,776	4,776	48,427
Financing					
Capital Receipts	12,706	-	-	-	12,706
Increase/(Decrease) in Borrowing	14,743	11,426	4,776	4,776	35,721
Total Financing	27,449	11,426	4,776	4,776	48,427

*Hammersmith Town Hall Refurbishment figure contains only mainstream element of funding (£11.3m), the remaining approved budget is expected to be funded from CIL which is not included in the mainstream programme.

7. The mainstream programme presented in Table 3 does not include self-financing schemes (where the net General Fund revenue borrowing costs are nil). Appendix 3 details the self-financing schemes and their borrowing requirement. Such self-financing borrowing is forecast to increase by £74m over the next 4 years and mainly relates to the Civic Campus development. The full financial implications of the scheme have been reported to Full Council in January 2019 as amended by subsequent decision reports of Full Council report in January 2020 and Cabinet in July 2020. Detailed programme management and officer and member governance arrangements are in place to ensure that this programme is delivered to time and budget. It is essential that Officers and Members understand the key financial assumptions and risks associated with the self-financing schemes and that they are subject to regular monitoring and scrutiny.
8. The Grade II* Listed 134-year-old Hammersmith Bridge has been closed to all traffic since 13 August 2020. Previously it was closed on 10 April 2019 to motor vehicles. These actions were taken because there was a high risk of catastrophic failure which occurred because of decades of unchecked corrosion in the suspension structure which stretched back to the 1950s. On 9 September 2020 the Secretary of State for Transport announced that the Government would “effectively take over this project”.

The Government's Hammersmith Bridge Taskforce has been meeting since 16 September 2020. It is yet to bring forward any funded proposals for the full restoration of Hammersmith Bridge and has taken no action on the letting of contracts that would have seen the next stage of stabilisation works completed by the summer of 2021. A draft business case for full restoration of the bridge has been developed by TfL, following close working with the London Borough of Hammersmith and Fulham. The Council has also commissioned Foster + Partners and COWI to develop proposals. The Secretary of State has agreed that his officials and legal colleagues will be made available to work closely to develop the final business case which will set out all the elements needed for successful project delivery, including legislation, procurement approach, governance arrangements, affordability, funding profile and contributions, and individuals' responsibilities. By the end of 2021, The Council will have spent a total of £8.6m in identifying structural failures, developing engineering solutions, and maintaining the safety of the suspension bridge. The capital programme will be updated in accordance with the decisions made regarding the bridge.

9. This level of spending on the maintenance and repair of the bridge is unprecedented for a London council. To put it into context, the Royal Borough of Kensington and Chelsea contributed £2.6m towards the repair of Albert Bridge and the London Borough of Wandsworth is spending just £6m for the full repair of Wandsworth Bridge. Figures published by the Ministry of Housing, Communities and Local Governments show that only £100m has been spent in total by London boroughs on road and river bridges since 2010—equivalent to less than £400,000 per year for each borough. The vast majority of that was funded by Transport for London (TfL), under the auspices of the Mayor. TfL and government have traditionally paid for the majority of structural work for London's bridges. The Council therefore expects the Government to either fund the remainder of the repair cost or to allow a private financing option. Further financial demands on the council towards the repair of the bridge would result in higher council tax, which the administration does not support and will resist.
10. Covid-19 has had a significant impact on the current and future funding of various transport schemes which are mainly financed by TfL grants. There is uncertainty over the level and timing of future funding and as a result of this, the Council's transport schemes have been scaled down. TfL are expected to run a revised bidding process and schemes will be added to the programme when the funding has been confirmed.
11. The Government's Flexible Use of Capital Receipts provisions allow the Council to use available General Fund capital receipts to fund Invest to Save schemes. This comes at an estimated revenue cost of £60,000 per annum per £1m capitalised, as there is a lost opportunity cost of applying these to other capital schemes funded through borrowing. However, this use enables the Council to maintain reserves which would contribute towards future financial resilience. It is also proposed that such funding be made available to support potential match funding opportunities. In order to bid for external funding, the council is sometimes required to confirm the availability of match-funding. This pot will provide headroom for such bids to be made and maximise the resources available to the Council. The final decision on the use of this flexibility is delegated to the Director of Finance, in consultation with the Cabinet Member for Finance and Commercial Services. The current programme provides for use of £4.4m of capital receipts for these purposes.

12. The current General Fund capital receipts forecast contained in this report assumes no new receipts for financial years 2022/23 to 2024/25. Should capital receipts be identified, they will be added to the programme as an additional funding source available and will reduce current forecast Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP).
13. General Fund debt is measured by the Capital Finance Requirement (CFR). The Council is required to make an annual provision from revenue, known as the Minimum Revenue Provision (MRP), which set-asides resource to repay debt and in so doing reduces the CFR. The CFR and MRP are explained in more detail in Appendix 3 and the Council's 2021/22 MRP policy is set out in Appendix 6.
14. Headline General Fund borrowing (excluding self-financing schemes) is forecast to increase by £35.7m over the next four years. This will add a revenue budget pressure, relating to the borrowing costs (MRP plus interest), of £2.1m per annum by the end of 2024/25.
15. The forecast for the headline General Fund CFR is shown in Table 4 below. The General Fund headline CFR excludes self-financing schemes detailed in Appendix 3.

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

GENERAL FUND CFR ANALYSIS	2020/21	2021/22	2022/23	2023/24	2024/25
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance Requirement (CFR)	114.08	128.66	141.79	151.56	154.01
Revenue Repayment of Debt (MRP)	(1.07)	(1.61)	(1.65)	(2.33)	(2.42)
Mainstream Programme (Surplus)/Shortfall	15.65	14.74	11.43	4.78	4.78
Closing Capital Finance Requirement (CFR)	128.66	141.79	151.56	154.01	156.36

16. The forecast General Fund Headline CFR at the end of 2021/22 is £141.79m and is expected to increase to £156.36m by the end of 2024/25. The movements in the headline GF CFR are detailed in Table 3.
17. Any capital receipts received during the year may be applied to lower the closing CFR. In addition, the Council may opt to apply additional Section 106 or CIL identified during the year to fund elements of the capital programme to reduce the closing CFR.

THE HOUSING CAPITAL PROGRAMME

18. The overall Housing Capital Programme expenditure and resource forecast is summarised in Table 5, below. Key areas of spend include the approved Asset Management Compliance Strategy and Capital Programme, the Building Homes and Communities Strategy and other Housing schemes. The detailed programme is included at Appendix 1.

Table 5 – Housing Expenditure and Resource Forecast 2021-25

Housing Programme - Resource Summary	Indicative Future Years			
	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000
Approved Expenditure				
HRA Asset Management and Compliance Programme	53,570	33,689	27,023	28,015
Building Homes and Communities Strategy	13,511	18,883	36,366	4,554
Other HRA Capital Schemes	7,163	13,726	11,145	-
Total Housing Programme	74,244	66,298	74,534	32,569
Available and Approved Resource				
Capital Receipts - Unrestricted	3,172	3,280	3,031	10,948
Capital Receipts - RTB (141)	2,708	7,762	3,723	1,422
Capital Receipts - GF	109	-	-	-
Major Repairs Reserve (MRR)	16,245	16,651	17,067	17,067
Contributions Developers (S106)	3,985	9,103	7,422	-
Contributions from leaseholders	5,380	3,791	1,402	-
Capital Grants and Contributions from GLA Bodies	7	392	-	2,100
Borrowing	42,638	25,319	41,889	1,032
Total Funding	74,244	66,298	74,534	32,569

Under the 1-4-1 scheme, Right to Buy (RTB) receipts can be retained by the authority on the proviso that they are recycled into the provision of a replacement dwelling. Accordingly, these receipts must be ring-fenced until they can be matched to qualifying expenditure.

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

Table 6 – Housing CFR Forecast 2021-25

HRA CFR Forecast	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Closing Forecast HRA CFR	228.67	271.31	296.63	338.52	329.95

20. The Housing Revenue Account CFR is forecast to be £271.31m by the end of 2021/22 and £329.95m by 2024/25. The impact of an increase in HRA CFR on HRA revenue budgets is regularly assessed in the HRA Business Plan and is reflected in the Housing Revenue Account budget 2021/22 which is due to go to the Cabinet in February 2021. Borrowing costs affecting HRA revenue budgets are sensitive to interest rates and capitalisation of borrowing costs where relevant.

21. The Building Homes and Communities Strategy included in the current capital programme includes several schemes that are at an early stage of development. As further phases are brought forward and approved, subject to agreement of the business case and confirmation of viability, significant additional borrowing will potentially be incurred by the Council. The capital programme will be updated as and

when further phases are approved and sufficient headroom will need to be allowed for to meet the revenue costs within the HRA business plan.

22. The table below shows the projected expenditure, financing and borrowing required for the proposed new development schemes over the next four years. The amounts shown in the approved columns are reported in the Capital Programme. The amounts that are shown as 'indicative further approvals' are derived from the individual preliminary scheme viability models and represent the balance of expenditure for the schemes. The amounts shown as 'financing' in the table relate to grants, CIL, RTB receipts, S106 and income from anticipated sales of completed properties. The schemes which are to be delivered on a partnership basis are not included in the below attached summary.

Table 7 – Building Homes and Communities Strategy pipeline proposals

Development of new homes expenditure to 2024/25	Approved £000	Indicative Further Approvals £000	Total £000
Scheme			
Barclay Close	-	4,784	4,784
Becklow Gardens	-	8,031	8,031
Commonwealth Avenue	-	14,539	14,539
Hartopp & Lannoy	4,491	62,955	67,446
Old Laundry Yard	1,233	25,575	26,808
White City	2,835	51,125	53,960
Schools Regeneration Programme	1,914	94,923	96,837
Farm Lane	1,270	10,283	11,553
Lillie Road	1,802	17,200	19,002
Mund Street	3,234	32,564	35,798
Education City	77,804	-	77,804
Total Development Programme	94,583	321,979	416,562
Financed by:			
Capital receipts (including RTB), grants, S106	15,089	118,061	133,150
Borrowing	79,494	203,918	283,412
Total Financing	94,583	321,979	416,562

23. The majority of the indicative further approvals of £322m relate to potential expenditure in 2023/24 and 2024/25. The expected total expenditure (approved and indicative) profile is expected to be as follows:

	£m
2020/21	14
2021/22	23
2022/23	83
2023/24	190
2024/25	106

24. The above schemes are planned to deliver 1,069 units as follows:

Total New Homes	
Affordable Rent	422
Shared Ownership	123
Rent to Buy	102
Market Sale	421
Market Rent	1
Total	1,069

25. £16.8m of the above approved schemes are at an early development stage. Should these schemes not fully progress there is a risk that some, or all, of the expenditure may need to be written off to revenue. In line with the arrangements agreed in the Building Homes and Communities Strategy, the Development Board is providing a gateway and governance process for these schemes before commitment of funds.
26. Right to Buy (RTB) one for one receipts need to be repaid with interest to Central Government where affordable housing schemes do not proceed to programme. These receipts are ringfenced to the provision of affordable housing within three years of receipt and the Council's agreement with the GLA, allows a further three years to use the receipts. As at 1 April 2020, the GLA held £23.9m of Hammersmith & Fulham RTB receipts from the last two financial years. This is the equivalent of £80m¹ of capital expenditure delivered by the Council (or Housing Associations, if grant funded by Council) over the next two financial years. The existing approved Housing Development schemes and the pipeline of yet to be approved schemes² is sufficient to make use of these receipts if delivered on time. The Council can request for an extension to the three years where an approved programme is in place.
27. The Building Safety and Fire Safety Bills are currently going through Parliamentary process. These will significantly impact on the Council, particularly in its role as landlord. Whilst the Council has already approved its current Asset Management and Compliance Programme, which is included in the Capital Programme, it is likely that there will be additional safety requirements and further, potentially significant capital requirements, that will need to be considered. As a result, the current programme needs to be reviewed. Work is being undertaken to assess the cost of expected additional work and update the programme. Further updates and details will be reported to Cabinet in due course and as the bills make their way into law.
28. The proposed HRA programme relies on £25m of S106 receipts for affordable housing, of which £17m has been received to date with the remainder dependent on the associated developments proceeding in a timely manner. The impact of Covid-19 on the progress of developments and related developer contributions is being monitored jointly with Finance and Planning and mitigating actions will be considered if necessary, such as substituting other funding in the Housing programme.

EQUALITY IMPLICATIONS

¹ Under current MHCLG regulations, 1-4-1 receipts can fund only 30% of the total expenditure, with remaining 70% being funded from mixture of non-housing receipts, S106 and borrowing. Local Government is currently lobbying MHCLG for further flexibility with regards to use of these receipts in the light of the Covid-19 pandemic.

² The housing development pipeline was presented to Cabinet on 3 March 2020 in the report "Financial Plan for Council Homes".

29. 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 increase in capital allocations will not impact directly on any group with protected characteristics, under the terms of the Equality Act 2010.

VAT IMPLICATIONS

30. With regard to all major capital schemes and disposals, the Council will need to give careful consideration to its VAT partial exemption threshold. Ordinarily, entities cannot reclaim VAT incurred in the provision of VAT exempt activities, however special provision for Local Authorities means that Council can reclaim such costs, providing these do not exceed 5% of the Council's total VAT reclaimed in any one year. This threshold is known as the Council's Partial Exemption Limit. If this threshold is breached without HMRC mitigation, then all VAT incurred in support of exempt activities, in that year, can no longer be reclaimed from HM Revenue and Customs (HMRC) and becomes payable by the Council. This would represent a cost of approximately £2m per year of breach.

31. Capital transactions represent a significant portion of the Council's VAT exempt activity and accordingly pose the biggest risk to the partial exemption threshold. The Council monitors the partial exemption position closely, however unanticipated expense or slippages can present challenges to this process. The Cabinet has adopted the following VAT policy to aid the management of 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.

32. Implications completed by: Christopher Harris, Chief Accountant, Corporate Finance, Tel: 020 8753 6440.

RISK MANAGEMENT

33. The report content presents a balanced and measured profile of the main aspects, risks and issues relating to the Capital Programme and its deliverables. The exposure to property market conditions, consultation requirements, potential delays due to legal challenge, gaining planning consent, protracted negotiations, or exchange of contracts with potential purchasers are known risks and these are outlined in the report. Furthermore, are the longer-term impacts of the Covid19 pandemic on the economy coupled with the end of the EU Transition and cost uncertainty should a trade agreement not be reached by HM Government. There is also the prospect of additional years of austerity due to the severe impact on the national economy. Each may affect the likelihood or timeliness of expenditure meeting projected receipts. Mitigation is undertaken on a case by case basis and it is the responsibility of departments to capture risks that may affect the successful

delivery of capital projects contained in their programme in their departmental registers. A number of significant opportunity risks to regenerate areas of the borough have previously been considered on the Council's risk register which has been reviewed by the Strategic Leadership Team. Exposure to risks such as the potential for Fraud and Bribery in relation to its property and asset dealings are covered through the councils existing Anti-Fraud and Bribery policies. The service maintains a register of key risks, where there may become significant, they may be escalated to the Corporate level.

34. Implications completed by: Michael Sloniowski, Risk Manager Tel: 020 8753 2587.

IMPLICATIONS FOR BUSINESS

35. 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.

36. 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.

37. Implications completed by: Nicki Burgess, Business and Enterprise Manager, Economic Development, Tel: 07796610094

LIST OF APPENDICES:

- Appendix 1 – Council Capital Programme by Service Area
- Appendix 2 – Anticipated General Fund capital receipts
- Appendix 3 – The Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP)
- Appendix 4 – Capital Strategy 2021/22
- Appendix 5 – Flexible Use of Capital Receipts Guidance and Proposed Application
- Appendix 6 – Minimum Revenue Provision (MRP) Statement 2021/22

APPENDIX 1 – Detailed Analysis by Service

Children's Services

Indicative Future Years Analysis

	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
School Maintenance Programme	2,090	1,800	1,076	-	4,966
Total Expenditure	2,090	1,800	1,076	-	4,966
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	2,090	1,800	1,076	-	4,966
Sub-total - Specific or Other Financing	2,090	1,800	1,076	-	4,966
Total Capital Financing	2,090	1,800	1,076	-	4,966

Social Care Services

Indicative Future Years Analysis

	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
Extra Care New Build project (Adults' Personal Social Services Grant)	957	-	-	-	957
Total Expenditure	957	-	-	-	957
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	957	-	-	-	957
Sub-total - Specific or Other Financing	957	-	-	-	957
Total Capital Financing	957	-	-	-	957

APPENDIX 1 – Detailed Analysis by Service

Finance Department

Indicative Future Years Analysis

	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
Invest to Save - Flexible Use of Capital Receipts	4,430	-	-	-	4,430
Total Expenditure	4,430	-	-	-	4,430

Capital Financing Summary

Mainstream Financing (Internal Council Resource)					
Capital Receipts	4,430	-	-	-	4,430
Sub-total - Mainstream Funding	4,430	-	-	-	4,430
Total Capital Financing	4,430	-	-	-	4,430

Environment Department

Indicative Future Years Analysis

	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
Footways and Carriageways	2,030	2,030	2,030	2,030	8,120
Column Replacement	346	346	346	346	1,384
Other Highways Capital Schemes	17	-	-	-	17
Capital Investment in Street Lighting	269	-	-	-	269
Electric Vehicles	594	-	-	-	594
Leisure Centre Capital Investment	392	140	-	-	532
Total Expenditure	3,648	2,516	2,376	2,376	10,916
Capital Financing Summary					
Specific/External or Other Financing					
Grants and Contributions from Private Developers (includes S106/S278)	392	140	-	-	532
Sub-total - Specific or Other Financing	392	140	-	-	532
Mainstream Financing (Internal Council Resource)					
Capital Receipts	1,056	-	-	-	1,056
Use of Reserves	45	-	-	-	45
Sub-total - Mainstream Funding	1,101	-	-	-	1,101
Borrowing	2,155	2,376	2,376	2,376	9,283
Total Capital Financing	3,648	2,516	2,376	2,376	10,916

APPENDIX 1 – Detailed Analysis by Service

Economy Department General Fund Managed Schemes

Indicative Future Years Analysis

	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000

Scheme Expenditure Summary

Civic Campus

Hammersmith Town Hall Refurbishment *	18,708	6,846	-	-	25,554
HTH Refurbishment -Fit Out	7,256	2,725	-	-	9,981
Acquisition of commercial units	17,793	33,603	1,494	-	52,890
Equity Loan (Civic Campus)	15,839	5,554	-	-	21,393
Subtotal Civic Campus	59,596	48,728	1,494		109,818

Building Homes and Communities Strategy (GF sites)

Education City -GF element	2,625	2,625	-	-	5,250
Schools Regeneration Programme	89	-	-	-	89
Farm Lane	1,145	-	-	-	1,145
Mund Street	3,109	-	-	-	3,109
Investment in Affordable Housing-Lillie Road Site	1,727	-	-	-	1,727
Subtotal Building Homes and Communities Strategy (GF sites)	8,695	2,625			11,320

Other GF Capital Schemes managed by the Economy

Sands End Community Centre	84	-	-	-	84
Planned Maintenance/DDA Programme	5,268	2,400	2,400	2,400	12,468
Carnwath Road	1,870	-	-	-	1,870
North End Road - Business Low Emissions Neighbourhood	125	-	-	-	125
North End Road - Good Growth Fund	1,110	-	-	-	1,110
Subtotal Other GF Capital Schemes managed by the Economy	8,457	2,400	2,400	2,400	15,657
Total Expenditure	76,748	53,753	3,894	2,400	136,795

Capital Financing Summary

Specific/External or Other Financing

Grants and Contributions from Private Developers (includes S106)	4,084	-	-	-	4,084
Community Infrastructure Levy (CIL)	18,708	5,546	-	-	24,254
Capital Grants and Contributions from GLA Bodies	625	-	-	-	625
Sub-total - Specific or Other Financing	23,417	5,546			28,963

Mainstream Financing (Internal Council Resource)

Capital Receipts (GF)	7,111	-	-	-	7,111
Sub-total - Mainstream Funding	7,111				7,111

GF Borrowing	46,220	48,207	3,894	2,400	100,721
Total Borrowing	46,220	48,207	3,894	2,400	100,721

Total Capital Financing	76,748	53,753	3,894	2,400	136,795
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APPENDIX 1 – Detailed Analysis by Service /cont.

Economy Department- HRA Capital Programme

Indicative Future Years Analysis

2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	Total Budget (All years)
£'000	£'000	£'000	£'000	£'000

Scheme Expenditure Summary

HRA Asset Management and Compliance Programme

Pre Agreed Works	13,775	1,038	215		15,028
Fire Safety Compliance Programme	13,194	4,688	3,000		20,882
Fire Safety Complex Schemes	2,433	7,962	17,474		27,869
Pre Agreed Lift Scheme	2,679	3,230	-		5,909
Pre Agreed Boiler Scheme	1,400	1,400	1,503		4,303
Safety Works - Electrical	6,475	4,353	302		11,130
Safety Works	2,615	2,516	-		5,131
Void Works	2,249	2,000	1,500		5,749
Neighbourhood, parking & garage improvements	2,469	188	288		2,945
Surveying and fees	-	-	2,741		2,741
Capitalised salaries	2,952	2,918	-		5,870
Capitalised repairs	3,329	3,396	-		6,725
Unallocated budget - Priority schemes to be confirmed	-	-	-	28,015	28,015
Subtotal HRA Asset Management and Compliance Programme	53,570	33,689	27,023	28,015	142,297

Building Homes and Communities Strategy (HRA sites)

Homes & Communities Strategy	1,384	-	-	-	1,384
White City Estate Regeneration	2,059	-	-	-	2,059
Old Laundry Yard	1,076	-	-	-	1,076
Education City- HRA element	8,992	18,883	36,366	4,554	68,795
Subtotal Building Homes and Communities Strategy (HRA sites)	13,511	18,883	36,366	4,554	73,314

Other HRA Capital Schemes

Housing Development Project	306	56	-	-	362
Stanhope Joint Venture	5,985	13,670	11,145	-	30,800
Affordable Housing Delivery Framework	428	-	-	-	428
Hartopp & Lannoy	415	-	-	-	415
Nourish Project (Good Growth Fund)	29	-	-	-	29
Subtotal Other HRA Capital Schemes	7,163	13,726	11,145	-	32,034
Total Expenditure	74,244	66,298	74,534	32,569	247,645

APPENDIX 1 – Detailed Analysis by Service /cont.

Economy Department- HRA Capital Programme

Indicative Future Years Analysis

2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	Total Budget (All years) £'000
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Capital Financing Summary

Specific/External or Other Financing					
Contributions from leaseholders	5,380	3,791	1,402	-	10,573
Grants and Contributions from Private Developers (includes S106)	3,985	9,103	7,422	-	20,510
Capital Grants and Contributions from GLA Bodies	7	392	-	2,100	2,499
Sub-total - Specific or Other Financing	9,372	13,286	8,824	2,100	33,582
Mainstream Financing (Internal Council Resource)					
Capital Receipts (HRA)	5,880	11,042	6,754	12,370	36,046
Major Repairs Reserve (MRR) / Major Repairs Allowance	16,245	16,651	17,067	17,067	67,030
Capital Receipts (GF)	109				109
Sub-total - Mainstream Funding	22,234	27,693	23,821	29,437	103,185
Borrowing(HRA)	42,638	25,319	41,889	1,032	110,878
Total Capital Financing	74,244	66,298	74,534	32,569	247,645

APPENDIX 2 – Anticipated General Fund capital receipts

Financial Year	Forecast future receipts £'000s
2021/22	
Carry forward receipts from 2020/21	800
Forecast capital receipts for the year	12,402
Cost of Sales (4%)	(496)
Total 2021/22	12,706
2022/23	
Forecast capital receipts for the year	-
Cost of Sales (4%)	-
Total 2022/23	-
2023/24	
Forecast capital receipts for the year	-
Total 2023/24	-
2024/25	
Forecast capital receipts for the year	-
Total 2024/25	-
Total All Years	12,706

APPENDIX 3 - THE CAPITAL FINANCING REQUIREMENT (CFR) AND MINIMUM REVENUE PROVISION

1. The CFR measures an authority's underlying need to borrow for a capital purpose. It is considered by the Chartered Institute of Public Finance Accountancy (CIPFA) as the best measure of Council debt as it reflects both external and internal borrowing.
2. The CFR is the difference between capital expenditure incurred and the resources set aside to pay for this expenditure. Put simply it can be thought of as capital expenditure incurred but not yet paid for in-full and serves as a measure of an authority's indebtedness.
3. An important caveat is that the CFR does not necessarily equal the outstanding loans of the authority. A council may be 'cash rich' and pay for a new asset in full without entering into new loans. However, unless the council simultaneously funds these from grants, capital receipts or sets aside reserves (either through recognising a revenue cost or transferring existing reserves from 'usable' to 'unusable' in the bottom half of the balance sheet) the CFR will increase it has effectively borrowed internally. The CFR should therefore be thought of as the total of internal and external borrowing.
4. The Table 1 below shows the Council's forecast total General Fund CFR for the period 2020/21-2024/25:

Table 1- Forecast General Fund CFR 2020/21-2024/25

GENERAL FUND CFR ANALYSIS	2020/21	2021/22	2022/23	2023/24	2024/25
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance Requirement (CFR)	114.08	128.66	141.79	151.56	154.01
Revenue Repayment of Debt (MRP)	(1.07)	(1.61)	(1.65)	(2.33)	(2.42)
Mainstream Programme (Surplus)/Shortfall	15.65	14.74	11.43	4.78	4.78
Closing Capital Finance Requirement (CFR)	128.66	141.79	151.56	154.01	156.36
SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance	11.84	26.28	59.69	98.63	72.61
Equity loan repayment	-	-	-	(25.95)	-
Revenue Repayment of Debt (MRP)	(0.23)	(0.22)	(0.22)	(1.56)	(1.58)
In Year Borrowing	14.67	33.63	39.16	1.49	-
Closing Capital Finance	26.28	59.69	98.63	72.61	71.04
Finance leases/PFI/ Deferred costs of	8.49	7.79	7.09	6.39	5.69
Total Closing GF CFR	163.42	209.26	257.28	233.01	233.09

5. The current forecast for the General Fund Headline CFR (excluding self-financing schemes and loans) is £141.79m at the end of 2021/22 and £156.36m by the end of 2024/25. The increase in General Fund Headline CFR puts additional pressures on revenue budgets.

6. The headline CFR figures exclude:

- £5.6m Schools Windows Replacement Programme
- £63m investment in acquisition of Civic Campus commercial units.
- £32m equity loan to the Civic Campus programme

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, loan repayment and commercial income.

7. CFR movements related to these schemes are presented under "Self- Financing Schemes and Loans" heading in the Table 1. CFR for these schemes is forecast to increase to £59.69m in 2021/22 and to £71.04m by the end of 2024/25. Table 2 details the CFR movements regarding these schemes:

Table 2 - Self -financing schemes and loans CFR movements 2021/22-2024/25

	Indicative Budget 2021/22 £'000	Indicative Budget 2022/23 £'000	Indicative Budget 2023/24 £'000	Indicative Budget 2024/25 £'000	Total Budget (All years) £'000
Approved Expenditure					
Ad Hoc Schemes:					
Acquisition of commercial units (Civic Campus) [ECD]	17,793	33,603	1,494	-	52,890
Equity Loan (Civic Campus) [ECD]	15,839	5,554	-	-	21,393
Total Mainstream Programmes	33,632	39,157	1,494	-	74,283
Financing					
Increase/(Decrease) in Borrowing	33,632	39,157	1,494	-	74,283
Total Financing	33,632	39,157	1,494	-	74,283

8. The previously approved budget for Education City is in the Council's general fund capital programme. However, as per the Cabinet report which reviewed the scheme in November 2020, as the residential part of the scheme is now all affordable housing, the cost of the residential development will be reported in the HRA capital programme. This includes the Adult Education and Nursery which are to be built underneath the residential buildings. The General Fund programme will still contain £5.25m grant to Ark for development of Youth Facility, funded from borrowing (£3.5m) and S106 (£1.75m).

9. The timing of the actual appropriation (which transfers the land from the General Fund to the HRA) is to be confirmed but is expected to be prior to build completion and will be reported through the Council's quarterly capital budget monitoring process. Such an appropriation would trigger a transfer of debt from the General Fund to the HRA equal to an appropriate valuation of the site. The legal and financial details of this will be set out in a future decision. For monitoring purposes, current capital programme assumes the split between General Fund and HRA, as per Cabinet recommendation. However, should the

scheme be cancelled before the completion of HRA affordable homes, there is a risk that costs associated with the termination could impact GF revenue budgets.

10. Minimum Revenue Provision (MRP) is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans). This is an annual revenue expense in a Council's budget. The MRP will, over time, reduce the CFR.
11. The statutory guidance issued by the Secretary of State (Ministry for Housing, Communities and Local Government) details the ways how MRP should be charged on various items of capital expenditure. MRP charges presented in the Table 1 follow this guidance and assume the following:
 - MRP charges are deferred for development projects until year after their completion. The rate charged is based on the estimated life of an asset (50 years for new developments).
 - MRP on rolling capital programmes and smaller scale ad hoc schemes is charged year after the expenditure incurs. The rate used is based on weighted average life of an assets (currently 3.34%).

APPENDIX 4 – CAPITAL STRATEGY 2021/22

1. The Prudential Code³ obliges local authorities to approve a capital strategy.
2. The Hammersmith & Fulham capital strategy sets out the long-term context in which capital investment decisions are made and the governance for those decisions. It supports the development of a capital programme that is affordable, prudent, and sustainable whilst giving due consideration to risk and reward and delivery of the Council's business plan.
3. The Council's priorities include being ruthlessly financial efficient. The capital strategy sets out the way capital projects are managed to improve delivery and achieve greater efficiency.
4. A key focus of the capital strategy is future finance resilience. Capital investment can enable the delivery of invest to save projects and grow future income and resources and provide regeneration opportunities within the borough.

Strategic Context

5. The Council's Business Plan 2018-22 set out the Council's main priorities. These are underpinned by an underlying target date of 2030 for the whole of the Borough of Hammersmith & Fulham to be carbon neutral. From a capital investment perspective, the values include:

Building shared prosperity

- The Council has pledged to build at least 1,500 genuinely affordable homes, of which 500 will be affordable part-ownership homes to buy, prioritising local residents.
- Speed up Aids and Adaptations services for Disabled people
- Providing affordable office space
- Work with Old Oak Regeneration Corporation to deliver thousands of new affordable homes to rent and buy for H&F residents
- Review all small sites that could be used to increase the number of affordable homes on every possible spare piece of land
- Deliver new affordable workspace through planning agreements with developers to support small businesses by May 2022

Doing things with residents, not to them

- The Council is also seeking to invest in a community-led redesign of the North End Road providing a long-term enhancement of the market and supporting the growth of existing and new businesses
- Delivering the Asset Management and Compliance Programme

Taking pride in Hammersmith & Fulham

- Hammersmith and Fulham is aiming to be the greenest Borough in Britain including investment in green fleet
- Continuing to invest in CCTV so that residents feel secure in their homes and on the streets

³ The CIPFA Prudential Code for Capital Finance in Local Authorities (2017) – by regulation local authorities are required to have regard to the Code when carrying out their duties.

Creating a compassionate council

- The Council will support their outstanding special schools and will continue to ensure that services are designed to meet the additional needs of disabled children and their families
- The Council has a plan to develop a running track at Hurlingham Park for use by schools, and safer, pollution- free opportunity for recreational jogging for all ages. There are also plans to develop more physical education, sport and youth facilities
- Reintroduce convalescent homes and develop extra care homes

Being ruthlessly financially efficient

- Hammersmith & Fulham will continue to be the best value council in the country
- The flexible use of capital receipts allows investment in schemes that will deliver service transformation and savings to the Council
- Capital investment is an enabler of more efficient working and can enhance future financial resilience through growing income and other resources.

Rising to the challenge of the climate and ecological emergency

In July 2020, the Cabinet approved new transport policies, traffic control measures and initiatives that support H&F to be one of the greenest councils in the UK and carbon neutral by 2030 The recommended measures include:

- The use of transport controls for the reduction in carbon emissions, the improvement of air quality and the improvement of public safety through low traffic neighbourhoods
- The development of a programme of healthier streets in conjunction with the schools
- Consultation on the introduction of Emission Based Parking Controls and diesel surcharging and to decide upon, and implement, the most appropriate option once the consultation is concluded.

6. The Council's capital programme supports the delivery of the above-mentioned priorities. It is underpinned by two further key strategies, the Housing Asset Management Compliance Strategy and Capital Programme and the Building Homes and Communities Strategy.
7. The Covid-19 pandemic has resulted in unprecedented risk and uncertainty regarding local authority funding and the wider economy. The potential for an economic downturn, may affect the expected costs, market and viability of schemes whilst funding from partners, such as Transport for London, will be under pressure. As part of the capital strategy the impact of the pandemic will be kept under review and mitigating actions taken as necessary.
8. Learning the lessons from working from home during the pandemic, and in preparation for the workforces return to the new Civic Campus in 2022, a review of Council accommodation is being undertaken. This might result in consolidation of office accommodation, the identification of assets for alternative use/ redevelopment or disposal and review of the rolling planned maintenance programme. Any plans will be incorporated into the capital programme as the relevant business cases are prepared and the subject of separate decision reports.

9. The capital programme will continue to be developed in line with the Council's priorities and new schemes will be added as and when they are identified and approved. A brief overview of the current and planned major schemes is provided in the Major Projects section of the report. Where budgets have been approved for these schemes, these are included in the Capital Programme.

MAJOR PROJECTS

Civic Campus Programme

10. In January 2019, the Full Council approved plans for major regeneration of the King Street area which will also include redevelopment of Hammersmith Town Hall, creating a Civic Campus. This involves entering into a joint venture with not-for-profit housing provider, A2 Dominion, for the delivery of the scheme, conditional land sale agreement from the Council to the JV, and the associated funding for the Civic Campus. Planning consent for the project has been achieved and subsequent detailed design development concluded.
- The development will create a new civic and community campus, including new fit-for-purpose, inclusively designed office accommodation for the Council and act as a catalyst for change, with the inclusion of open public realm and shared spaces within the Town Hall used by the neighbourhood as well as the greater community. The Civic Campus Programme will: provide urgent intervention in the failing existing Town Hall office buildings, refurbishing and restoring the heritage elements of the Town Hall, whilst creating an opportunity for improved ways of working in order to be ruthlessly financially efficient and address the financial challenges faced by the Council;
 - contribute to the borough's housing ambitions by increasing the supply of good quality, genuinely affordable housing for local residents to meet local housing need;
 - create pride in H&F by transforming King Street into a new civic and cultural destination; improving the public realm and Grade II listed Town Hall, providing new local amenities for residents, including a new four screen cinema, café/restaurant, retail and public event spaces; and
 - promote economic growth in line with the H&F Industrial Strategy, Economic Growth for Everyone, through the creation of new retail and commercial space, including affordable space for start-up businesses to combat High Street decline.
11. The budget for the scheme is included in the Council's Capital Programme. The demolition of the former Town Hall Extension is now complete and a contract has now been awarded for the refurbishment and fit out works to the Town Hall. A capital budget of £64m has also been approved for the acquisition of commercial units that will be constructed by the King Street Joint Venture as part of the Civic Campus Programme. For each of the buildings, the Council will then secure lessees paying rent to the Council, covering the cost of the acquisition over 45 years. Negotiations have already begun with potential occupiers. Investment in these units can allow the Council to benefit from the regeneration opportunity that they present.

Education City

12. In the absence of a national programme for capital investment in existing schools, the Council and Absolute Return for Kids (ARK) have been working together to plan and co-fund a new Education City, to create a new mixed used education hub on the site of the ARK Swift Primary School including:
- A high-quality primary school
 - New and expanded nursery for 75 children
 - New adult education facilities
 - New youth facilities
 - An office for educational charities
 - 132 new homes, 100% of which will be affordable housing
13. The funding for the school will be provided by ARK. The Council will fund the residential, the nursery and adult education facilities and will provide a capital grant for the provision of the youth facility. The Council budgets for the scheme were updated by Cabinet on 2 November 2020 and have been included in the Capital Programme.
14. The Council are also considering a potential loan of up to £35 million to ARK for the construction of the office block. Such a loan would be subject to receipt of satisfactory legal, financial and state aid advice, and require approval by Full Council. If approved, it would add to the Council's programme of self-financing borrowing.

Housing Asset Management Compliance Strategy and Capital Programme

15. The Council is the responsible landlord for over 17,000 homes across Hammersmith and Fulham. Housing Asset Management and Compliance Strategy was agreed by Cabinet in December 2018 and the Capital Programme agreed in July 2019. The programme prioritises work to deliver Fire Safety Plus, other health and safety compliance works and other pre-agreed works to ensure the safety and welfare of all residents through investment decisions about the housing stock.
16. Included within the Housing Asset Management Compliance Strategy and Capital Programme was the demolition of **Hartopp and Lannoy Points**. This was necessary to address the serious health and safety concerns following detailed investigatory work and consultation with residents. Demolition works are in progress and site is due to be cleared in Spring 2021. Budget provision is included within the capital programme for feasibility work on delivering between 150 and 175 new homes on the cleared site.

Building Homes and Communities Strategy

17. The Building Homes and Communities Strategy sets out a self-funding programme of investment in homes and community assets where the Council will utilise its land and property assets to meet key administration priorities to deliver affordable housing and support the Council's financial challenge it aims to:
- build new, genuinely affordable housing which will help maintain the borough's vibrant social mix
 - support the Council's Business Plan priority of 'Building Shared Prosperity'
 - renew key community assets, including schools and leisure centres
 - generate income to reinvest in frontline services
18. The approach would see the Council directly deliver housing from Council-owned land enabling the Council to deliver a substantial number of private and affordable homes

which would not otherwise be delivered by the market. It would also allow the Council to benefit directly from the revenue generated from market and social rent housing as well as accruing long-term assets.

19. Recent schemes that have been approved within the strategy include sites at **Farm Lane** and **Mund Street**, as well as early design and resident consultation regarding **White City**, **Old Laundry Yard** and **Lille Road**.

Schools Renewal Programme

20. Now also included within the Building Homes and Communities Strategy is the Council's commitment to a Schools Renewal programme, agreed by Cabinet in March 2019. The programme is intended to:

- to re-provide modern, fit for purpose schools to support the borough's ambition to give children the best start in life
- to support the funding of education in Hammersmith & Fulham including the future repair and planned maintenance requirements across the school community
- to fund school development through the creation of badly needed affordable housing which will help maintain the borough's vibrant social mix.

21. The work is currently underway to assess viability, produce a detailed business case and proceed to planning application stage as appropriate.

Other Housing projects

22. In addition to the Housing Asset Management Compliance Strategy and Building Homes and Communities Strategy the Council is progressing a number of housing projects in relation to the provision of affordable housing these include the following schemes.

23. Affordable Housing at **Spring Vale Estate**: A contractor is currently on site and is expected to complete the development of ten affordable homes on the Estate by Summer 2021.

24. **Affordable Housing Delivery Framework**: This framework is made up of Housing Associations who can offer to acquire and build additional affordable housing on former Council owned sites. In order to maximise affordable housing provision on these sites the Council can elect to use its right to buy receipts as passported grant funding to the developing housing associations. The current sites in progress are the former hostel at **Lavender Court**, the former housing office at **Fulham North** and **Emlyn Gardens Estate**. Emlyn Gardens is due for section completion in January 2021 and whole project completion in May 2021.

25. The redevelopment of the **Edith Summerskill House** site is being taken forward in conjunction with Peabody Housing Trust. It is expected to deliver 133 affordable homes. Demolition is complete and Peabody Housing Trust will develop the new scheme with the Council transferring the land and providing a grant towards construction costs.

Old Oak and Park Royal Opportunity Area

26. As part of developing the business case for a High Speed 2 / Crossrail interchange at Old Oak Common the London Boroughs of Brent, Ealing and Hammersmith & Fulham and the GLA published a joint Vision for the Old Oak area to encourage appropriate development and to maximise regeneration benefits in the area. Since then the Old Oak and Park Royal Mayoral Development Corporation (OPDC) was established in April 2015 and is now the planning authority for the Old Oak and Park Royal Opportunity Area. More detailed information about the project can be found on the OPDC's website at:
<https://www.london.gov.uk/about-us/organisations-we-work/old-oak-and-park-royal-development-corporation-opdc>.

27. The Council remains responsible for all other services such as waste collection, highways enforcement, car parking, parks management and maintenance etc. within the OPDC boundary.

Community Infrastructure Levy (CIL)

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

29. As of 3 December 2020, the Council holds £24.5m of Borough CIL, currently committed towards financing of Civic Campus. Due to the current economic circumstances, it is harder to predict the future CIL receipts, however, based on current performance, it is considered prudent to assume that increasing sums will be received in following years.

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

31. In August 2020 the Government launched Planning for the Future consultation on reforms to modernise and speed up the current planning system. Amongst the proposals is an introduction of new simpler national levy to replace the current system of developer contributions. Section 106 agreements and the Community Infrastructure Levy will be replaced with a new Infrastructure Levy that will be a fixed proportion of the value of the development, above a set threshold. The implications of this change, should it be taken forward, will need to be allowed for within the future capital strategy.

Becoming Carbon Neutral

32. The capital strategy requires the alignment of the capital programme with the underlying target of the borough becoming carbon neutral by 2030.

33. This will require the development of a sustainable financial model that secures the necessary investment in the services the Council provides or commissions. The Council must also influence, convince, incentivise and support government and private

sector investment across local businesses and households to tackle emissions from transport and buildings outside our direct control

34. Existing investment programmes, such as in housing or transport, need to be brought into line with the carbon neutral target. A key enabler is maximising external funding opportunities. Current schemes include carrying out energy efficiency and low-carbon retrofits for low-income households in the private sector through the green homes programme, investment in a green fleet for waste collection, recycling and street cleansing services and setting aside match funding to become a social housing Decarbonisation Fund demonstrator.

Invest to Save Projects

35. The Council has a number of Invest to Save projects, both in train and planned, which will deliver future revenue savings. This expenditure can be funded from available general fund capital receipts under Flexible Use of Capital Receipts dispensation. This enables the Council to preserve its reserves and free them up to meet expenditure pressures or to invest in priorities. More detailed guidance on Flexible Use of Capital Receipts as well as a summary of the current Invest to Save projects to be capitalised under this dispensation in 2020/21 and 2021/22 can be found in Appendix 5 of this report.

Health and Safety

36. Health and Safety works have been included within the Housing Asset Management Compliance Strategy and Capital Programme, which gives priority to fire and other health and safety works in the Council's housing stock. The Council's is committed to the safety and welfare of all residents and other capital projects and budgets including the School's Maintenance and Corporate Planned Maintenance Programme include Health and Safety related works.

Other schemes

37. The Council's Capital Programme contains a number of schemes which are necessary investments in the Council's assets to ensure their sustainability, to address health and safety and legislative requirements and to provide future revenue savings. Examples of such schemes are:
- Schools Maintenance Programme of £5m
 - Schemes funded from ring-fenced resources within the Housing Revenue Account (HRA) such as major refurbishments, heating works, lift works, garage improvements, electrical installations, estate roads, disabled adaptations, etc.
 - Required investment from Council resources, including capital receipts, to support strategic priorities such as investment in the highways infrastructure, ICT, asset management and parks.
38. The Council set out its strategic ambition around specialist housing (short and long-term care and accommodation for groups such as care leavers, rough sleepers etc) through a report to Cabinet in December 2018. This provided an anchor for future investment decisions and strategic commissioning around these key preventative services. There are issues with supply of this type of housing, and the suitability of the

borough's current stock to meet changing needs, much of which is owned and operated by housing associations. The Council continues work on understanding the type of capital investment required and the levers for renewing this portfolio of assets which can help to reduce current and future pressures on the Council's revenue budget. This work will help define future calls on the Council's capital programme.

39. All capital investment decisions will be underpinned by a robust business plan that set out any expected financial return alongside the broader outcomes including economic and social benefits.

Governance

40. As part of being ruthlessly financially efficient the Council has arrangement in place to ensure capital and other major projects are managed to achieve greater efficiency and improve delivery, improving the management of capital projects and introducing new reporting systems to tighten up oversight. The reforms include:

- A monthly Finance Strategic Leadership Team (SLT) is chaired by the Director of Finance. In addition to revenue budgets, S106, commercial income and audit issues, its remit includes major programmes, including large capital schemes. Programme highlight reports and gateway reviews, capital and monitoring are routinely discussed.
- Capital project management – SLT directors must involve finance at the inception of significant capital projects to consider business cases (including affordability, best value, funding and ongoing revenue costs and savings).
- Departments with significant capital spend have their own Capital Boards, attended by Finance
- Specific decision making, governance and oversight arrangements are in place for significant projects such as the Civic Campus (Executive and Member Oversight Boards) and the Development Board for the Building Homes and Communities Strategy.

41. Through the gateway and highlight/ exception report process for major programmes, Finance SLT (or a board reporting to Finance SLT) will:

- consider the funding and feasibility of new large schemes
- review business cases, approvals, and variations, signing off draft reports to Cabinet
- monitor process in the procurement and delivery of capital works to programme
- monitor actual spend and forecast against budgets.

42. Programme Management Office (PMO) has been set up to help people who deliver programme and projects across the Council. It will also provide the SLT with improved oversight and confidence around our major projects and programmes. The main objectives of PMO are to ensure the strategic alignment of projects and programmes, provide expert advice and support to directorates and bring all projects and programmes under one umbrella.

Decision making

43. Council capital investments should be made in line with the Capital Strategy priorities which are set out in this document. Capital expenditure is spent on the purchase or improvement of assets that have a long-term value to the Council, such as land and

buildings. It is the Council's policy to capitalise any expenditure, over a total value of £10,000, which fulfils this criterion.

44. The capital expenditure and investment decision making process is the governance framework used by the Council when making decisions relating to the capital programme. All expenditure must be formally authorised, to ensure funding is in place and clearly understood, before any spending decisions are taken. Financial regulations and the scheme of delegation must be adhered to. Other relevant financial controls are:

- Any call on corporate or departmental reserves will need to be signed off first by the Director for Finance and the Chief Executive before progressing to Cabinet Members/Cabinet
- Loans to any external organisation or investments in any company cannot be made without agreement from Full Council
- All decisions reports will only be progressed if they are fully funded before any spend is incurred
- All Cabinet Member Decisions, Cabinet, and Policy and Accountability Committee (PAC) reports must include full and transparent financial implications prepared by finance officers (with final sign off by Director of Finance).
- Leader's Urgency reports will only be used in exceptional circumstances and these must be cleared in advance by the Chief Executive. The Director of Finance must fully consider the financial implications. A new Cabinet Urgency Committee has also been established to ensure decisions can be made quickly where these are urgent.
- Committee services will ensure that the correct review and sign off requirements have been followed before any papers are dispatched.

45. The Council's annual Capital Programme is approved by the Cabinet and Full Council. The Strategic Leadership Team and Cabinet receive quarterly updates on the programme detailing financial forecasts, risks, and expected outcomes. Variances to the Capital Programme are approved quarterly by Cabinet.

46. Detailed monitoring is also undertaken of significant projects and reported to Finance Strategic Leadership Team and the Cabinet Member for Finance and Commercial Services.

Finance Strategy

47. The Capital Strategy is an integral part of the Council's wider finance strategy. As well as informing the capital programme it links directly to the Treasury Management Strategy, Medium Term Financial Strategy and annual revenue budget. The revenue consequences of the programme are also allowed for within the revenue budget.

48. The Business Plan has a strong emphasis on growth and affordable housing and the use of capital to generate revenue. The Council's Building Homes and Communities Strategy, above, sets out a self-funding programme of investment in homes and community assets where the Council will utilise its land and property assets to meet key priorities to deliver affordable housing and support the Council's financial challenge. The Council is considering its approach to development and risk and reward to capture some of the potential benefits, including income from private sale and market rent to support its revenue position and subsidise the creation of new affordable

housing. A Development Board is in place to oversee the progress of projects or schemes within the Building Homes and Communities Strategy and manage risk.

49. Alongside the Building Homes and Communities Strategy, work has also begun to develop a more strategic approach to its role as a Corporate Landlord and Corporate Accommodation. This will consider the Council's long-term accommodation requirements, greater corporate oversight of operational asset management, and investment in our data to ensure we are getting value from our property and land holdings. The Council is also developing options for Growth and Investment and an Investment Fund to support Council's investment in the borough to support the boroughs economic recovery from Covid-19 and generate a financial return. Options, governance and appraisal arrangements will be developed over the next financial year. As initiatives are brought forward, they will inform, and be considered as part of, the overall Capital Strategy.

APPENDIX 5 - FLEXIBLE USE OF CAPITAL RECEIPTS GUIDANCE AND PROPOSED APPLICATION (2021/22)

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

“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide if a project qualifies for the flexibility.”

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

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

Expenditure is only eligible if it has been incurred in the period between 01 April 2016 to 31 March 2022 and it can be funded from capital receipts generated only during this period.

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

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

The Statutory Guidance for the Flexible Use of Capital Receipts states that the Strategy should include a list of each project which plans to make use of the capital receipts flexibility, together with the expected savings that the project will realise. The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators.

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

- Resident Experience and Access Programme (REAP)- expenditure up to £4m (as approved by Cabinet in October 2020)-expected to deliver an estimated cumulative saving of £9.3m by the end of 2024/25
- Workforce Efficiency Programme- expenditure up to £2m

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

Any changes to this programme during the year will be presented back to Cabinet as per the requirements of the guidance.

APPENDIX 6 - MINIMUM REVENUE PROVISION (MRP) STATEMENT 2021/22

1. This statement covers the minimum revenue provision (MRP) that Hammersmith and Fulham Council will set-aside from revenue to reduce borrowing and credit liabilities arising from capital expenditure.
2. Regulations 27 and 28 in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI3146, as amended] require local authorities to make a prudent amount of minimum revenue provision (MRP). The Secretary of State (Ministry for Housing, Communities and Local Government) issued statutory guidance on determining the “prudent” level of MRP, to which this Council is required to have regard, in 2018. This Guidance applies for accounting periods starting on or after 1 April 2019. The MRP will, over time, reduce the CFR.
3. The statutory guidance lists a number of options for calculating MRP. In addition to MRP, authorities are able to make voluntary provisions to reduce the CFR. These provisions can be made from capital or revenue resources. Voluntary reduction of the CFR delivers a benefit to revenue in the subsequent year as it reduces the mandatory MRP charge.
4. No MRP is required in respect of the Housing Revenue Account (HRA).

Annual MRP Statement – frequency of update and approval

5. The Secretary of State recommends that before the start of each financial year, Hammersmith and Fulham prepares a statement of its policy on making MRP in respect of that financial year and submits it to the Full Council. The statement should indicate how it is proposed to discharge the duty to make prudent MRP in the financial year. If it is ever proposed to vary the terms of the original statement during the year, a revised statement should be put to the Council at that time.

Meaning of “Prudent Provision”

6. The broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

Supported Capital Expenditure or Capital Expenditure incurred before 1 April 2008:

7. MRP is calculated using Option 1 - Regulatory Method. The MRP formula contains a ‘floor’ - known as ‘Adjustment A’ - which has been individually fixed for all authorities. When the CFR drops below this level, MRP is no longer payable. For Hammersmith and Fulham, the floor has been set at £43.2m. In short, there is

no revenue incentive to reduce the CFR below this level. For the expenditure above Adjustment A, the MRP rate will be calculated based on useful asset lives.

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

8. The guidance states for all capitalised expenditure incurred on or after 1 April 2008, which is (a) financed by borrowing or credit arrangements; and (b) treated as capital expenditure by virtue of either a direction under section 16(2)(b) of the 2003 Act or regulation 25(1) of the 2003 Regulations, the authority should make MRP in accordance with Option 3 Asset Life Method. This method spreads the cost over the estimated life of an asset.
9. The determination as to which scheme is funded from borrowing and which from other sources shall be made by the Director of Finance. Where an asset is only temporarily funded from borrowing in any one financial year and it is intended that its funding be replaced with other sources by the following year, no MRP shall apply.
10. MRP commencement: When borrowing to provide an asset, the authority may treat the asset life as commencing in the year in which the asset first becomes operational. The Council's policy is to postpone beginning to make MRP until the financial year following the one in which the asset becomes operational. "Operational" here has its standard accounting definition. Investment properties should be regarded as becoming operational when they begin to generate revenues.
11. Loans and grants towards capital expenditure by third parties: MRP should be charged using useful economic life of the assets for in relation to which the third-party expenditure is incurred and similarly will be charged once assets are operational.
12. Finance leases and PFI: In the case of finance leases and on-balance sheet PFI contracts, the MRP requirement would be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability. Where a lease (or part of a lease) or PFI contract is brought onto the balance sheet, having previously been accounted for off-balance sheet, the MRP requirement would be regarded as having been met by the inclusion in the charge, for the year in which the restatement occurs, of an amount equal to the write-down for that year plus retrospective writing down of the balance sheet liability that arises from the restatement.
13. The Director of Finance is responsible for implementing the Minimum Revenue Provision Statement and has managerial, operational and financial discretion necessary to ensure that MRP is calculated in accordance with this Statement and with regulatory and financial requirements and resolve any practical interpretation issues.

Agenda Item 6

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 01/02/2021

Subject: Capital Programme Monitor & Budget Variations, 2020/21 (Third Quarter)

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

Responsible Director: Emily Hill, Director of Finance

SUMMARY

This report provides a financial update on the council's capital programme and requests approval for budget variations to the capital programme.

RECOMMENDATIONS

1. To approve the proposed budget variations to the capital programme totalling £1.6m (summarised in Table 1 and detailed in Appendix 2).
2. To approve additional budget of £1,223,000 funded from borrowing (£432,000) and external grants (£791,000), to complete various transport and parks schemes (see Appendix 2 for detail).
3. To approve an additional budget of £0.9m, and funding acceptance regarding a grant award from BEIS (Department for Business, Energy and Industrial Strategy) for Social Housing Decarbonisation and note that this will be supported by £1.6m of funding from the existing HRA Asset Management and Compliance Programme.
4. To note the potential risks regarding the Housing Capital Programme, as summarised in paragraphs 26, 27 and 28.

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
Being ruthlessly	All capital investment decisions are required to be underpinned by a robust business plan that sets out the full costs and risks

financially efficient	<p>and any expected financial return alongside the broader outcomes including economic and social benefits.</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>
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Financial Impact

This report is wholly of a financial nature. The headline movements are:

- a net decrease in the 4-year capital programme of £24.6m to £470.6m.
- a net increase in forecast 2020-21 expenditure of £1.6m (0.3% of the approved budget). The variations are detailed in Appendix 2.

Covid-19 is impacting on the previously approved capital programme:

- a number of schemes have experienced delays due to social distancing restrictions.
- the pandemic, and the potential for an economic downturn, may affect the expected costs, market and viability of schemes – this will be kept under review and mitigating actions will be considered as necessary
- whilst not impacting on this quarter, the originally approved capital budget has been significantly reduced due to the loss of TfL grants and the resulting removal of those capital schemes.

Headline General Fund (GF) borrowing is forecast to increase by £40.1m over the next four years to support capital investment. This would result in an estimated additional revenue budget outgoing of £2.4m per annum by 2024-25. General Fund capital receipts can reduce future borrowing and/or protect use of reserves. The council's property transformation strategy is reviewing all its assets in a systematic way as part of asset management best practice. As part of this review surplus assets may be identified for sale that can support the capital programme.

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 (PWL)). HM Treasury have announced 1% decrease in the PWLB interest rate which will potentially decrease the Council's future borrowing costs by £10,000 per annum for every £1m borrowed over a 50-year loan period.

The Housing Revenue Account 2020-21 borrowing requirement (CFR) is forecast to increase by £12.9m to £228.7m. By the end of 2023-24 the HRA CFR is forecast to be £296.6m as detailed in paragraph 20 of the report.

An adjustment is also proposed to the Housing Revenue Account capital programme regarding an additional grant award of £900,000 for Social Housing Decarbonisation Project.

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.

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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 2020-24 (published February 2020)
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CAPITAL PROGRAMME 2020-21 – Q3 OVERVIEW

- The Council's capital programme as at the end of Quarter 3 is summarised in Table 1. Budgeted expenditure on the four-year programme has decreased by £24.6m to £470.6m. This movement is largely explained by a restatement of the loans arising regarding the Civic Campus development to reflect the latest expected cashflows, since the second quarter.

Table 1 – LBHF Capital Programme 2020-24 with proposed 2020-21 Q3 variations

		Analysis of Movements (Q2 budget to Q3)					Future years indicative budget £'000		Total Budget (All years) £'000		
		Revised Budget 2020/21 (Q2) £'000	Slippages from/(to) future years £'000	Addition/ (Reduction) £'000	Transfers £'000	Total Variations £'000					Revised Budget 2020/21 (Q3) £'000
CAPITAL EXPENDITURE											
Children's Services	883	-	-	-	-	883	4,966	5,849			
Social Care	3,329	(957)	-	-	(957)	2,372	957	3,329			
Environment Department	10,122	-	1,102	-	1,102	11,224	8,540	19,764			
Finance	1,612	-	-	-	-	1,612	4,430	6,042			
General Fund Schemes under the Economy Department	30,300	(5,106)	8,778	(1,870)	1,802	32,102	134,395	166,497			
Sub-total (General Fund)	46,246	(6,063)	9,880	- 1,870	1,947	48,193	153,288	201,481			
Economy Department-HRA Programme	54,387	(2,196)	-	1,870	(326)	54,061	215,076	269,137			
Sub-total Economy Department (HRA)	54,387	(2,196)	-	1,870	(326)	54,061	215,076	269,137			
Total Expenditure	100,633	(8,259)	9,880	-	1,621	102,254	368,364	470,618			
CAPITAL FINANCING											
Specific/External Financing:											
Government/Public Body Grants	3,783	(957)	-	-	(957)	2,826	5,923	8,749			
Grants and Contributions from Private Developers (includes S106/CIL)	10,634	(1,279)	429	108	(742)	9,892	49,380	59,272			
Capital Grants/Contributions from Non-departmental public bodies	1,665	-	367	-	367	2,032	-	2,032			
Capital Grants and Contributions from GLA Bodies	3,082	(1,832)	1,588	-	(244)	2,838	1,024	3,862			
Leaseholder Contributions (Housing)	2,891	-	-	-	-	2,891	10,573	13,464			
Sub-total - Specific Financing	22,055	(4,068)	2,384	108	(1,576)	20,479	66,900	87,379			
Mainstream Financing (Internal):											
Capital Receipts - General Fund	1,612	-	-	1,323	1,323	2,935	12,706	15,641			
Capital Receipts - HRA	8,296	-	715	(1,323)	(608)	7,688	23,676	31,364			
Major Repairs Reserve (MRR)	26,423	-	-	-	-	26,423	49,963	76,386			
Earmarked Reserves (Revenue)	915	-	(121)	-	(121)	794	45	839			
Sub-total - Mainstream Funding	37,246	-	594	-	594	37,840	86,390	124,230			
Borrowing-General Fund	26,679	6,264	(2,519)	(108)	3,637	30,316	105,228	135,544			
Borrowing -HRA	14,653	(10,455)	9,421	-	(1,034)	13,619	109,846	123,465			
Total Capital Financing	100,633	(8,259)	9,880	-	1,621	102,254	368,364	470,618			

- The forecast 2020-21 spend is £1.6m higher than last reported in the second quarter. The main adjustments are for the reprofiling of budgets to/from future years, alignment of budgets and new budgets approved in the last quarter. Full details are included in Appendix 2, the most significant changes being:
 - budget reprofiling to future years for Building Homes and Communities Strategy schemes (£1.4m), Extra Care New Build Project (£1m), Lillie

Road (£1.7m), North End Road Good Growth Fund (£1.1m), Carnwath Road (£1.9m), Civic Campus refurbishment (£1.8m) and Education City (£8.3m)

- budget reprofiling from future years for Civic Campus acquisition of commercial units (£10.1m)
 - budget reductions for Civic Campus equity loan (£4.4m)
 - budget additions for transport schemes (£1.2m), Lillie Road (£1.8m) and North End Road Good Growth Fund (£2.2m), Education City (£8.5m)
3. The 2020-21 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. This remaining budget is not included in the current capital programme and the Capital Financing Requirement (CFR) forecast but will be added should its use be approved.

GENERAL FUND – MAINSTREAM PROGRAMME AND CAPITAL RECEIPTS

4. The General Fund (GF) mainstream programme cuts across the departments and represents schemes which are funded from Council resources (capital receipts or borrowing). It is the area of the programme where the Council has the greatest discretion. The mainstream programme is summarised in Table 2.

Table 2 – LBHF GF Mainstream Capital Programme 2020-24 with proposed 2020-21 Q3 variations:

	Revised Budget 2020/21 (Q2)	Variations (Q3)	Revised Budget 2020/21 (Q3)	Indicative Budget 2021/22	Indicative Budget 2022/23	Indicative Budget 2023/24	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure							
Ad Hoc Schemes:							
Social Care Capital projects [ASC]	129	-	129	-	-	-	129
Invest to Save-Flexible Use of Capital Receipts	1,612	-	1,612	4,430	-	-	6,042
Capital Investment in Street Lighting [ENV]	831	-	831	269	-	-	1,100
WMC JV Exit Costs [ECD]	3,491	-	3,491	-	-	-	3,491
Carnwath Road [ECD]	1,870	(1,870)	-	1,870	-	-	1,870
Hammersmith Bridge [ENV]	965	515	1,480	-	-	-	1,480
P&D Upgrade and Pay by Phone [ENV]	30	-	30	-	-	-	30
Other Highways Capital Schemes [ENV]	337	(234)	103	17	-	-	120
North End Road - Good Growth Fund [ECD]	-	610	610	610	-	-	1,220
HRA Watermeadow adjustment [ECD]	-	1,323	1,323	109	-	-	1,432
Hammersmith Town Hall Refurbishment* [ECD]	750	(750)	-	-	1,300	-	1,300
Hammersmith Town Hall Fit Out* [ECD]	-	-	-	7,256	2,725	-	9,981
Schools Regeneration Programme [ECD]	1,914	(89)	1,825	89	-	-	1,914
Education City regeneration [ECD]	429	(429)	-	-	-	-	-
Education City regeneration- Youth Facility [ECD]	-	-	-	875	2,625	-	3,500
Acquisition of Cinema Site [ECD]	72	-	72	-	-	-	72
Farm Lane/Mund Street [ECD]	-	-	-	2,004	-	-	2,004
Investment in Affordable Housing-Lillie Road Site [ECD]	-	75	75	1,727	-	-	1,802
Planned Maintenance/DDA Programme [ECD]	3,788	-	3,788	5,268	2,400	2,400	13,856
Electric Vehicles [ENV]	-	-	-	549	-	-	549
Footways and Carriageways [ENV]	2,397	-	2,397	2,030	2,030	2,030	8,487
Column Replacement [ENV]	346	-	346	346	346	346	1,384
Public CCTV [ENV]	-	12	12	-	-	-	12
Parks Programme & Libraries [ENV]	322	139	461	-	-	-	461
Total Mainstream Programmes	19,283	(698)	18,585	27,449	11,426	4,776	62,236
Financing							
Capital Receipts	1,612	1,323	2,935	12,706	-	-	15,641
Increase/(Decrease) in Borrowing	17,671	(2,021)	15,650	14,743	11,426	4,776	46,595
Total Financing	19,283	(698)	18,585	27,449	11,426	4,776	62,236

- The 2020-21 Q3 mainstream programme has decreased by £0.7m in comparison to the second quarter. Table 2 details the movements.
- The mainstream programme presented in Table 2 does not include self-financing schemes (where the net General Fund revenue borrowing costs are nil). Appendix 5 details the self-financing schemes and their borrowing requirement.
- A key financial focus of the capital monitoring report is the potential impact of capital expenditure on future borrowing and its revenue affordability. The Council's underlying need to borrow for a capital purpose is measured through the CFR. The current forecast for the General Fund Headline CFR (excluding the self-financing schemes set out in Appendix 5) is £128.7m at the end of 2020-21, an in-year increase of £14.6m.
- The amendments to the General Fund (GF) capital programme have affected the Council's forecast headline capital debt (CFR) as follows:

	Last forecast (2020/21 Q2)	Current forecast (2020/21 Q3)
General Fund CFR	£m	£m
2019/20 Closing CFR (actual)	114.08	114.08
2020/21 Closing CFR	130.68	128.66
2023/24 Closing CFR	185.32	154.49

9. The underlying need to borrow is forecast to increase by £40.1m over the next four years to support capital programme. By 2024-25 this will increase annual revenue borrowing costs by an estimated £2.4m. This will need to be allowed for within future budget planning and the medium-term financial strategy process.
10. The borrowing requirement includes £12.8m regarding the Civic Campus programme and Hammersmith Town Hall refurbishment. The overall scheme also includes planned funding of £33.7m from the Community Infrastructure Levy (CIL). The borrowing forecast is sensitive to the timing and amount of CIL receipts.
11. The General Fund capital programme includes budgets for several regeneration schemes that are at an early stage. These include £4.5m for Farm Lane and Mund Street developments, £1.9m for Schools Regeneration and £1.8m for Lillie Road redevelopment. Should these schemes not fully progress there is a risk that some, or all, of the expenditure may need to be written off to revenue. In line with the arrangements agreed in the Building Homes and Communities Strategy, the Development Board is providing a gateway and governance process for these schemes before commitment of funds.
12. The previously approved budget for Education City is in the council's general fund capital programme. However, as per the Cabinet report which reviewed the scheme in November 2020, as the residential part of the scheme is now all affordable, the cost of the residential development will be reported in the HRA capital programme. This includes the Adult Education and Nursery which are to be built underneath the residential buildings. The General Fund programme will still contain £5.25m grant to Ark for development of Youth Facility, funded from borrowing (£3.5m) and S106 (£1.75m).
13. The timing of the actual appropriation (which transfers the land from the General Fund to the HRA) is to be confirmed but is expected to be prior to build completion and will be reported through the council's quarterly capital budget monitoring process. Such an appropriation would trigger a transfer of debt from the general fund to the HRA equal to an appropriate valuation of the site. The legal and financial details of this will be set out in a future decision. For monitoring purposes, the current capital programme assumes the split between General Fund and HRA, as per Cabinet recommendation. However, should the scheme be cancelled before the completion of HRA affordable homes, there is a risk that costs associated with the termination could impact GF revenue budgets.
14. In November 2020, Cabinet made a recommendation for the Full Council to approve a loan of up to £35 million to Ark for the construction of the office block at Education City, subject to receipt of satisfactory legal and financial advice

and state aid advice. The loan and its financial implications will be included in capital programme if it is approved by Full Council.

15. Due to the impact of Covid-19, previously anticipated TfL annual funding for various transport schemes has not been confirmed for 2020-21 and future years. Other schemes have already been committed, including essential works to Hammersmith Bridge and highways, for which expected TfL and section 106 contributions have not been confirmed. Budget and funding adjustments of £0.432m are proposed to fund such expenditure from borrowing and will be updated should alternative funding sources be identified. This is in addition to £1.016m approved at quarter 2. The increase in borrowing requirement of £1.448m will result in an estimated £86,000 of future annual borrowing costs.
16. Forecast net General Fund capital receipts have increased by £1.3m in 2020-21 and £11.9m in 2021-22. This is largely due to the planned disposal of Watermeadow Court. The receipts will be used to fund previous commitments to current capital schemes and invest to save expenditure. This application is in line with the Council's reserve strategy and action plan. The General Fund capital programme also includes capital receipts of £2.4m carried forward to 2020-21. These will support invest to save expenditure and IT investment to protect use of the Council's reserves.
17. There are currently no new forecast general fund capital receipts beyond 2021-22. However, the Council's Property Transformation Strategy is systematically reviewing all assets as part of asset management best practice. As part of this programme, surplus assets may be identified that cannot be re-purposed for other uses and that could be sold for a capital receipt to support the capital programme. Any decisions on asset disposals will be the subject of a future report.

HOUSING CAPITAL PROGRAMME OVERVIEW

18. Housing Capital expenditure for 2020-21 is forecast at £54.1m and for the four-year programme to 2023-24 spend is expected to be £269.1m. The expenditure and funding analysis of the Housing Programme is summarised in Table 3 below.

Table 3 – Housing Capital Programme 2020-24 with proposed 2020-21 Q3 variations

	Revised Budget 2020/21 (Q2)	Total Variations	Revised Budget 2020/21 (Q3)	Indicative 2021/22 Budget	Indicative 2022/23 Budget	Indicative 2023/24 Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure						
HRA Asset Management and Compliance Programme	39,967	(370)	39,597	53,570	33,689	27,023
Building Homes and Communities Strategy	2,481	422	2,903	13,511	18,883	36,366
Other HRA Capital Schemes	11,939	(378)	11,561	7,163	13,726	11,145
Total Housing Programme	54,387	(326)	54,061	74,244	66,298	74,534
Available and Approved Resource						
Capital Receipts - Unrestricted	5,221	(2,364)	2,857	3,172	3,280	3,031
Capital Receipts - RTB (141)	3,075	1,756	4,831	2,708	7,762	3,723
Capital Receipts - GF	-	1,323	1,323	109	-	-
Major Repairs Reserve (MRR)	26,423	-	26,423	16,245	16,651	17,067
Contributions Developers (S106)	725	-	725	3,985	9,103	7,422
Insurance claims	780	-	780	-	-	-
Contributions from leaseholders	2,891	-	2,891	5,380	3,791	1,402
Capital Grants and Contributions from GLA Bodies	619	(7)	612	7	392	-
Borrowing	14,653	(1,034)	13,619	42,638	25,319	41,889
Total Funding	54,387	(326)	54,061	74,244	66,298	74,534

19. Within the Housing Capital Programme there has been a net budget decrease of £0.3m. 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 paragraphs 26-28.

20. The HRA CFR is shown in Table 4 below:

Table 4 – HRA CFR at Q3 2020-21 (including future years forecast)

HRA CFR Forecast	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Closing Forecast HRA CFR	215.76	228.67	271.31	296.63	338.52

21. The Housing Revenue Account 2020-21 CFR has increased by £12.92m in comparison to 2019-20. This is mainly due to 2019-20 budgets being reprofiled to 2020-21. The HRA CFR is forecast to increase to £338.52m by the end of 2023-24.

22. The impact of an increase in HRA CFR on HRA revenue budgets is assessed in the HRA Business Plan and the Financial Plan for Council Homes (HRA Financial Strategy) 2020-21 which was approved by 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.

23. The HRA CFR presented in Table 4 now includes expenditure on the Education City affordable housing units, nursery and adult education centre, as approved by the Cabinet in November 2020. £9.6m of capital receipts are anticipated to be received from sale of shared ownership units on their completion in 2024/25 and will be applied to reduce HRA CFR by the same amount.
24. On 1 July 2019 Cabinet approved the Council's new Asset Management and Compliance Programme which has a focus on health and safety works. 2020-21 forecast spend at Q3 includes £9m of expenditure related to Health & Safety, of which £5.9m is on specific fire safety capital works as detailed in table 5 below.

Table 5 – Compliance and Health and Safety spend 2020-21

HRA Capital Programme: Health & Safety budget and forecast as at P7 (Quarter 3) 2020-21						
	Total Approved Budget £'000	Total Spend Forecast £'000	Approved Budget 2020-21 £'000	2020-21 Forecast at Q3 £'000	2020-21 Forecast Variance £'000	2020-21 Actual Spend at P7 £'000
APPROVED SCHEMES						
Fire Safety Compliance Programme	24,425	25,350	7,367	4,468	(2,899)	2,159
Fire Safety Complex Schemes	26,816	29,316	890	1,447	557	1,264
Safety Works - Electrical	13,452	13,236	2,908	2,106	(802)	692
Safety Works - Other	6,077	6,077	1,016	946	(70)	712
Total	70,770	73,979	12,181	8,967	(3,214)	4,827

25. The Council has been awarded £0.9m grant from the Department for Business, Energy and Industrial Strategy's for Social Housing Decarbonisation project. The total cost of the project will be £2.5m, with remaining £1.6m of funding coming from the existing HRA Asset Management and Compliance Programme. The scheme will run a demonstrator decarbonisation project on 30 street properties currently identified at the West Kensington estate which will pave the way for future decarbonisation works. The London Borough of Barking & Dagenham is the scheme's leading local authority. Following the successful bid and grant acceptance the Council is required to enter into a Collaboration Agreement with Barking & Dagenham and other partners in the scheme. This Agreement will regulate the Council's use of its allocated portion of the grant.

HOUSING CAPITAL PROGRAMME RISKS

26. The following risks associated with funding of future years' expenditure have been identified within the Housing Capital programme:
27. **S106 Funding:** The proposed programme for 2020/21 – 2023/24 relies on £25m of S106 receipts for affordable housing, of which £17m has been received to date with the remainder dependent on the associated developments proceeding in a timely manner. The impact of Covid-19 on the progress of developments and related developer contributions is being monitored jointly with Finance and Planning and mitigating actions will be considered if necessary, such as substituting other funding in the Housing programme.
28. **Right to buy funding:** Right to Buy (RTB) one for one receipts need to be repaid with interest to Central Government where affordable housing schemes

do not proceed to programme. These receipts are ringfenced to the provision of affordable housing within three years of receipt and the Council's agreement with the GLA, allows a further three years to use the receipts. As at 1 April 2020, the GLA held £23.9m of Hammersmith & Fulham RTB receipts from the last two financial years. This is the equivalent of £80m¹ of capital expenditure delivered by the Council (or Housing Associations, if grant funded by Council) over the next two financial years. The existing approved Housing Development schemes and the pipeline of yet to be approved schemes² is sufficient to make use of these receipts if delivered on time. The Council can request for an extension to the three years where an approved programme is in place.

29. **Building Safety and Fire Safety Bills:** The Building Safety and Fire Safety Bills are currently going through Parliamentary process. These will significantly impact on the Council, particularly in its role as landlord. Whilst the Council has already approved its current Asset Management and Compliance Programme, which is included in the Capital Programme, it is likely that there will be additional safety requirements and further, potentially significant capital requirements, that will need to be considered. As a result, the current programme needs to be reviewed. Work is being undertaken to assess the cost of expected additional work and update the programme. Further updates and details will be reported to Cabinet in due course and as the bills make their way into law.

REASONS FOR DECISION

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

EQUALITY IMPLICATIONS

31. 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.

IMPLICATIONS FOR BUSINESS

32. 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.

¹ Under current MHCLG regulations, 1-4-1 receipts can fund only 30% of the total expenditure, with remaining 70% being funded from mixture of non-housing receipts, S106 and borrowing. Local Government is currently lobbying MHCLG for further flexibility with regards to use of these receipts in the light of the Covid-19 pandemic.

² The housing development pipeline was presented to Cabinet on 3 March 2020 in the report "Financial Plan for Council Homes".

33. 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.
34. Implications completed by: Nicki Burgess, Business and Enterprise Manager, Economic Development, Tel:07796610094.

RISK MANAGEMENT

35. 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, particularly an issue following Covid-19 pandemic pressures or the end of the EU Transition and the impact of cost inflation if no trade deal is managed to be agreed by HM Government 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.
36. 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.
37. The report identifies a number of risks which may impact on the future funding of the Housing Capital Programme. 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.
38. The impact to councils of the Grenfell Tower fire are 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.

39. 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.
40. 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.
41. Proposals set out in this report seek to comply with the Council's legal duties.
42. Implications completed by: Michael Sloniowski, Risk Manager, Tel: 020 8753 2587.

VAT IMPLICATIONS

43. 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. 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.
44. 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 5 – Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP)

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

Children's Services

	Current Year Programme						Indicative Future Years Analysis			
	Analysis of Movements (Q2 budget to Q3)						2021/22 Budget	2022/23 Budget	2023/24 Budget	Total Budget (All years)
	Revised Budget 2020/21 (Q2) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Revised Budget 2020/21 (Q3) £'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary										
Schools Organisational Strategy	249	-	-	-	-	249	-	-	-	249
School Maintenance Programme	634	-	-	-	-	634	2,090	1,800	1,076	5,600
Total Expenditure	883	-	-	-	-	883	2,090	1,800	1,076	5,849
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	883	-	-	-	-	883	2,090	1,800	1,076	5,849
Sub-total - Specific or Other Financing	883	-	-	-	-	883	2,090	1,800	1,076	5,849
Total Capital Financing	883	-	-	-	-	883	2,090	1,800	1,076	5,849

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 (Q2 budget to Q3)								
	Revised Budget 2020/21 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2020/21 (Q3)	2021/22 Budget	2022/23 Budget	2023/24 Budget	Total Budget (All years)
	£'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)	-	957	-	-	957
Disabled Facilities Grant	1,185	-	-	-	-	1,185	-	-	-	1,185
Transforming Care (Winterbourne Grant)	300	-	-	-	-	300	-	-	-	300
Social Care Capital Projects	887	-	-	-	-	887	-	-	-	887
Total Expenditure	3,329	(957)	-	-	(957)	2,372	957	-	-	3,329
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	2,900	(957)	-	-	(957)	1,943	957	-	-	2,900
Capital Grants/Contributions from Non-departmental public bodies	300	-	-	-	-	300	-	-	-	300
Sub-total - Specific or Other Financing	3,200	(957)	-	-	(957)	2,243	957	-	-	3,200
Borrowing	129	-	-	-	-	129	-	-	-	129
Total Capital Financing	3,329	(957)	-	-	(957)	2,372	957	-	-	3,329

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

Environment Department		Current Year Programme					Indicative Future Years Analysis			
		Analysis of Movements (Q2 budget to Q3)								
Revised Budget 2020/21 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2020/21 (Q3)	2021/22 Budget	2022/23 Budget	2023/24 Budget	Total Budget (All years)	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary										
Footways and Carriageways	2,397	-	-	-	2,397	2,030	2,030	2,030	8,487	
Transport For London Schemes	772	-	-	-	772	-	-	-	772	
Safer Cycle Pathway (TFL/S278 funded)	376	-	-	-	376	-	-	-	376	
Hammersmith Bridge Strengthening	1,115	-	853	-	1,968	-	-	-	1,968	
Controlled Parking Zones	168	-	-	-	168	-	-	-	168	
Column Replacement	323	-	-	-	323	346	346	346	1,361	
LED Lighting Replacement Programme	23	-	-	-	23	-	-	-	23	
P&D Upgrade and Pay by Phone	30	-	-	-	30	-	-	-	30	
Other Highways Capital Schemes	1,690	-	353	-	2,043	17	-	-	2,060	
Counters Creek (Thames Water funded)	167	-	-	-	167	-	-	-	167	
Bloemfontein Road (Thames Water/Suds)	350	-	-	-	350	-	-	-	350	
Public CCTV	-	-	12	-	12	-	-	-	12	
Capital Investment in Street Lighting	831	-	-	-	831	269	-	-	1,100	
Parks Capital Rolling Programme	197	-	2	-	199	-	-	-	199	
Other Parks Capital Schemes	291	-	-	-	291	-	-	-	291	
Shepherds Bush Common Improvements	2	-	-	-	2	-	-	-	2	
Fulham Football Club -Bishops Park	234	-	(121)	-	113	-	-	-	113	
Containers (Recycling/Food)	199	-	-	-	199	-	-	-	199	
Electric Vehicles	182	-	-	-	182	594	-	-	776	
Other (Delivery, RFID, Charge Points)	208	-	-	-	208	-	-	-	208	
Libraries Investment Programme	2	-	3	-	5	-	-	-	5	
Leisure Centre Capital Investment	565	-	-	-	565	392	140	-	1,097	
Total Expenditure	10,122	-	1,102	-	11,224	3,648	2,516	2,376	19,764	

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

Environment Department

Current Year Programme						Indicative Future Years Analysis			
Analysis of Movements (Q2 budget to Q3)									
Revised Budget 2020/21 (Q2) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Revised Budget 2020/21 (Q3) £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	Total Budget (All years) £'000

Capital Financing Summary

Specific/External or Other Financing

Grants and Contributions from Private Developers (includes S106/S278)	2,120	-	345	108	453	2,573	392	140	-	3,105
Capital Grants/Contributions from Non-departmental public bodies	597	-	-	-	-	597	-	-	-	597
Capital Grants and Contributions from GLA	1,263	-	338	-	338	1,601	-	-	-	1,601
Sub-total - Specific or Other Financing	3,980	-	683	108	791	4,771	392	140	-	5,303

Mainstream Financing (Internal Council Resource)

Capital Receipts	-	-	-	-	-	-	1,056	-	-	1,056
Use of Reserves	915	-	(121)	-	(121)	794	45	-	-	839
Sub-total - Mainstream Funding	915	-	(121)	-	(121)	794	1,101	-	-	1,895

Borrowing	5,227	-	540	(108)	432	5,659	2,155	2,376	2,376	12,566
Total Capital Financing	10,122	-	1,102	-	1,102	11,224	3,648	2,516	2,376	19,764

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

Finance Department	Current Year Programme						Indicative Future Years Analysis			
	Analysis of Movements (Q2 budget to Q3)					Revised Budget 2020/21 (Q3)	2021/22 Budget	2022/23 Budget	2023/24 Budget	Total Budget (All years)
	Revised Budget 2020/21 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements		£'000	£'000	£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary										
Invest to Save - Flexible Use of Capital Receipts	1,612	-	-	-	-	1,612	4,430	-	-	6,042
Total Expenditure	1,612	-	-	-	-	1,612	4,430	-	-	6,042
Capital Financing Summary										
Mainstream Financing (Internal Council Resource)										
Capital Receipts	1,612	-	-	-	-	1,612	4,430	-	-	6,042
Sub-total - Mainstream Funding	1,612	-	-	-	-	1,612	4,430	-	-	6,042
Total Capital Financing	1,612	-	-	-	-	1,612	4,430	-	-	6,042

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			
Revised Budget 2020/21 (Q2)	Analysis of Movements (Q2 budget to Q3)					2021/22 Budget	2022/23 Budget	2023/24 Budget	Total Budget (All years)
	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2020/21 (Q3)				
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary									
Civic Campus									
Acquisition of Land at 207 King St	72	-	-	-	72	-	-	-	72
Hammersmith Town Hall Refurbishment *	7,405	(1,841)	-	-	5,564	18,708	6,846	-	31,118
HTH Refurbishment -Fit Out	-	-	-	-	-	7,256	2,725	-	9,981
Acquisition of commercial units	-	10,110	-	-	10,110	17,793	33,603	1,494	63,000
Equity Loan (Civic Campus)	8,997	-	(4,440)	-	4,557	15,839	5,554	-	25,950
Subtotal Civic Campus	16,474	8,269	(4,440)	-	3,829	59,596	48,728	1,494	130,121
Building Homes and Communities Strategy (GF sites)									
Eduaction City -HRA element	1,629	(8,266)	8,507	(1,870)	-	-	-	-	-
Education City -Youth Facility	12	-	(12)	-	-	2,625	2,625	-	5,250
Schools Regeneration Programme	1,914	(89)	-	-	1,825	89	-	-	1,914
Farm Lane	139	(14)	-	-	125	1,145	-	-	1,270
Mund Street	215	(90)	-	-	125	3,109	-	-	3,234
Investment in Affordable Housing-Lillie Road Site	-	(1,727)	1,802	-	75	1,727	-	-	1,802
Subtotal Building Homes and Communities Strategy (GF sites)	3,909	(10,186)	10,297	(1,870)	2,150	8,695	2,625	-	13,470
Other GF Capital Schemes managed by the Economy									
Sands End Community Centre	768	(84)	451	-	367	84	-	-	1,219
Planned Maintenance/DDA Programme	3,788	-	-	-	3,788	5,268	2,400	2,400	13,856
Carwath Road	1,870	(1,870)	-	-	-	1,870	-	-	1,870
North End Road - Business Low Emissions Neighbourhood	-	(125)	250	-	125	125	-	-	250
North End Road - Good Growth Fund	-	(1,110)	2,220	-	1,110	1,110	-	-	2,220
WMC JV Exit Costs	3,491	-	-	-	3,491	-	-	-	3,491
Subtotal Other GF Capital Schemes managed by the Economy	9,917	(3,189)	2,921	-	(268)	8,457	2,400	2,400	22,906
Total Expenditure	30,300	(5,106)	8,778	(1,870)	1,802	76,748	53,753	3,894	166,497

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 (Q2 budget to Q3)									
Revised Budget 2020/21 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2020/21 (Q3)	2021/22 Budget	2022/23 Budget	2023/24 Budget	Total Budget (All years)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Capital Financing Summary

Specific/External or Other Financing						
Grants and Contributions from Private Developers (includes S106)	354	(188)	84	-	(104)	250
Community Infrastructure Levy (CIL)	6,655	(1,091)	-	-	(1,091)	5,564
Capital Grants/Contributions from Non-departmental public bodies	768	-	367	-	367	1,135
Capital Grants and Contributions from GLA Bodies	1,200	(1,825)	1,250	-	(575)	625
Sub-total - Specific or Other Financing	8,977	(3,104)	1,701	-	(1,403)	7,574
Mainstream Financing (Internal Council Resource)						
Capital Receipts (HRA)	-	-	1,756	(1,756)	-	-
Capital Receipts (GF)	-	-	-	-	-	-
Sub-total - Mainstream Funding	-	-	1,756	(1,756)	-	-
GF Borrowing	21,323	6,264	(3,059)	-	3,205	24,528
HRA Borrowing	-	(8,266)	8,380	(114)	-	-
Total Borrowing	21,323	(2,002)	5,321	(114)	3,205	24,528
Total Capital Financing	30,300	(5,106)	8,778	(1,870)	1,802	32,102

4,084	-	-	4,334
18,708	5,546	-	29,818
-	-	-	1,135
625	-	-	1,250
23,417	5,546	-	36,537
-	-	-	-
7,111	-	-	7,111
7,111	-	-	7,111
46,220	48,207	3,894	122,849
-	-	-	-
46,220	48,207	3,894	122,849
76,748	53,753	3,894	166,497

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 (Q2 budget to Q3)						2021/22 Budget	2022/23 Budget	2023/24 Budget	Total Budget (All years)
	Revised Budget 2020/21 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2020/21 (Q3)				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary										
<i>HRA Asset Management and Compliance Programme</i>										
Pre Agreed Works	16,307	409	-	-	409	16,716	13,775	1,038	215	31,744
Fire Safety Compliance Programme	5,068	(600)	-	-	(600)	4,468	13,194	4,688	3,000	25,350
Fire Safety Complex Schemes	1,322	125	-	-	125	1,447	2,433	7,962	17,474	29,316
Pre Agreed Lift Scheme	2,776	-	-	-	-	2,776	2,679	3,230	-	8,685
Pre Agreed Boiler Scheme	1,795	-	-	-	-	1,795	1,400	1,400	1,503	6,098
Safety Works - Electrical	2,306	(200)	-	-	(200)	2,106	6,475	4,353	302	13,236
Safety Works	946	-	-	-	-	946	2,615	2,516	-	6,077
Void Works	1,952	(4)	-	-	(4)	1,948	2,249	2,000	1,500	7,697
Neighbourhood, parking & garage improvements	1,517	(100)	-	-	(100)	1,417	2,469	188	288	4,362
Surveying and fees	-	-	-	-	-	-	-	-	2,741	2,741
Capitalised salaries	2,714	-	-	-	-	2,714	2,952	2,918	-	8,584
Capitalised repairs	3,264	-	-	-	-	3,264	3,329	3,396	-	9,989
Unallocated budget - Priority schemes to be confirmed	-	-	-	-	-	-	-	-	-	-
Subtotal HRA Asset Management and Compliance Programme	39,967	(370)	-	-	(370)	39,597	53,570	33,689	27,023	153,879
<i>Building Homes and Communities Strategy (HRA sites)</i>										
Homes & Communities Strategy	760	(660)	-	-	(660)	100	1,384	-	-	1,484
White City Estate Regeneration	1,388	(612)	-	-	(612)	776	2,059	-	-	2,835
Old Laundry Yard	333	(176)	-	-	(176)	157	1,076	-	-	1,233
Education City- HRA element	-	-	-	1,870	1,870	1,870	8,992	18,883	36,366	66,111
Subtotal Building Homes and Communities Strategy (HRA sites)	2,481	(1,448)	-	1,870	422	2,903	13,511	18,883	36,366	71,663
<i>Other HRA Capital Schemes</i>										
Housing Development Project	2,354	-	-	-	-	2,354	306	56	-	2,716
Stanhope Joint Venture	625	-	-	-	-	625	5,985	13,670	11,145	31,425
Affordable Housing Delivery Framework	1,843	-	-	-	-	1,843	428	-	-	2,271
Property Acquisition for Affordable Housing	1,513	-	-	-	-	1,513	-	-	-	1,513
Hartopp & Lannoy	4,425	(349)	-	-	(349)	4,076	415	-	-	4,491
Nourish Project (Good Growth Fund)	1,179	(29)	-	-	(29)	1,150	29	-	-	1,179
Subtotal Other HRA Capital Schemes	11,939	(378)	-	-	(378)	11,561	7,163	13,726	11,145	43,595
Total Expenditure	54,387	(2,196)	-	1,870	(326)	54,061	74,244	66,298	74,534	269,137

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 (Q2 budget to Q3)						2021/22 Budget	2022/23 Budget	2023/24 Budget	Total Budget (All years)
Revised Budget 2020/21 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2020/21 (Q3)	£'000	£'000	£'000	£'000
£'000	£'000	£'000	£'000	£'000	£'000				

Capital Financing Summary

Specific/External or Other Financing										
Contributions from leaseholders	2,891	-	-	-	-	2,891	5,380	3,791	1,402	13,464
Grants and Contributions from Private Developers (includes S106)	725	-	-	-	-	725	3,985	9,103	7,422	21,235
Insurance claims	780	-	-	-	-	780	-	-	-	780
Capital Grants and Contributions from GLA Bodies	619	(7)	-	-	(7)	612	7	392	-	1,011
Sub-total - Specific or Other Financing	5,015	(7)	-	-	(7)	5,008	9,372	13,286	8,824	36,490
Mainstream Financing (Internal Council Resource)										
Capital Receipts (HRA)	8,296	-	(1,041)	433	(608)	7,688	5,880	11,042	6,754	31,364
Major Repairs Reserve (MRR) / Major Repairs Allowance	26,423	-	-	-	-	26,423	16,245	16,651	17,067	76,386
Capital Receipts (GF)	-	-	-	1,323	1,323	1,323	109			1,432
Sub-total - Mainstream Funding	34,719	-	(1,041)	1,756	715	35,434	22,234	27,693	23,821	109,182
Borrowing(HRA)	14,653	(2,189)	1,041	114	(1,034)	13,619	42,638	25,319	41,889	123,465
Total Capital Financing	54,387	(2,196)	-	1,870	(326)	54,061	74,244	66,298	74,534	269,137

Appendix 2 – Analysis of budget variations

Variation by department	Amount £000
Adult Social Care	
Extra Care New Build project (Adults' Personal Social Services Grant) - budget reprofiled to future years due to delays	(957)
Total Adult Social Care variations	(957)
Environment Department	
Hammersmith Bride strengthening – additional budget required for essential works, TfL funding was withdrawn due to Covid-19 impact on TfL finances	853
Other Highways Capital Schemes – additional budget required for essential works; TfL funding was withdrawn due to Covid-19 impact on TfL finances	353
Parks and Libraries Capital Programme – additional budget required to complete essential schemes some of which commenced in 2019/20, no S106 funding confirmed	5
Fulham Football Club – Bishops Park – budget reduction to reflect actual approved spend	(121)
Public CCTV – additional budget required for essential works to be funded from borrowing as no S106 funding available	12
Total Environment Department variations	1,102
General Fund schemes under Economy Department	
Hammersmith Town Hall Refurbishment – budget reprofiling to future years due to the delays in project start	(1,841)
Acquisition of commercial units – budget reprofiled from future years to reflect the latest cash flow forecast	10,110
Equity Loan (Civic Campus) – budget reduction to reflect the latest cash flow forecast	(4,440)
Education City – additional £8.5m budget approved by Cabinet in November 2020 and reprofiled to future years due to the delays in project start	229
Education City – budget appropriation from General Fund for HRA in relation to affordable housing units, Nursery and Adult Education Centre development costs (as per November 2020 Cabinet report)	(1,870)
Schools Regeneration Programme – budget reprofiled to future years due to project delays	(89)
Farm Lane/Mund Street – budget reprofiled to future years due to project delays	(104)
Investment in Affordable Housing – Lillie Road Site – £1.8m additional budget approved by Cabinet in November 2020 and reprofiled to future years	75
Sands End Community Centre – net budget increase to reflect additional £0.435m costs and S106 funding reprofiled to future years	367
Carnwath Road – budget reprofiled to future years	(1,870)
North End Road – Business Low Emissions Neighbourhood – additional budget of £0.25m approved in May 2020 and reprofiled to future years	125
North End Road – Good Growth Fund – additional budget of £2.2m approved by Cabinet in November 2020 and reprofiled to future years	1,110
Total General Fund schemes under Economy Department variations	1,802
Economy Department (HRA) Schemes	
Education City – budget appropriation from General Fund to HRA in relation to affordable housing units, Nursery and Adult Education Centre development costs (as per November 2020 Cabinet report)	1,870
Asset Management and Compliance Programme – budget reprofiling to future years to reflect updated spending profile for the number of schemes.	(370)
Hartopp and Lannoy – demolition costs reprofiled to future years due to impact of Covid-19	(349)
White City Estate Regeneration – budget reprofiling to future years due to delay in start of the scheme. Planning permission not expected until July 2021.	(612)
Homes & Communities Strategy – budget reprofiled to future years due to delays	(660)
Old Laundry Yard – budget reprofiled to future years due to delays	(176)
Nourish Project (Good Growth Fund) – budget reprofiled to future years due to delays	(29)
Total Economy Department (HRA) variations	(326)
Total 2020-21 Q3 variations	1,621

Appendix 3 – General Fund forecast capital receipts

Financial Year	Previous Forecast £'000s	Movement/ Slippage £'000s	Forecast as at Q3 2020-21 £'000s
2020/21			
Brought forward receipts from 2019/20	1,612	-	1,612
Forecast capital receipts for the year	-	1,378	1,378
Cost of Sales (4%)	-	(55)	(55)
Total 2020/21	1,612	1,323	2,935
2021/22			
Carry forward receipts from 2020/21	800	-	800
Forecast capital receipts for the year	-	12,402	12,402
Cost of Sales (4%)	-	(496)	(496)
Total 2021/22	800	11,906	12,706
2022/23			
Forecast capital receipts for the year	3,600	(3,600)	-
Cost of Sales (4%)	(144)	144	-
Total 2022/23	3,456	(3,456)	-
2023/24			
Forecast capital receipts for the year	-	-	-
Total 2023/24	-	-	-
Total All Years	5,868	9,773	15,641

Appendix 4 – VAT Partial Exemption

Partial exemption overview

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 £2.7m.

LBHF Partial Exemption

The Council's Partial Exemption position for 2020/21 is currently being reviewed. 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 progress 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.

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.

VAT Policy

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.

Appendix 5 - Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP)

1. The Capital Finance Requirement (CFR) measures the Council's long-term indebtedness. The Table 1 below shows the Council's forecast total GF CFR for the period 2020/21-2023/24:

Table 1 - Forecast General Fund CFR 2020/21-2023/24 (Quarter 3)

GENERAL FUND CFR ANALYSIS	2019/20	2020/21	2021/22	2022/23	2023/24
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance Requirement (CFR)	70.85	114.08	128.66	141.95	151.88
Revenue Repayment of Debt (MRP)	(0.32)	(1.07)	(1.45)	(1.49)	(2.17)
Mainstream Programme (Surplus)/Shortfall	43.55	15.65	14.74	11.43	4.78
Closing Capital Finance Requirement (CFR)	114.08	128.66	141.95	151.88	154.49
SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance	7.32	11.84	26.28	59.69	98.63
Equity loan repayment	-	-	-	-	(25.95)
Revenue Repayment of Debt (MRP)	(1.48)	(0.23)	(0.22)	(0.22)	(1.56)
In Year Borrowing	6.00	14.67	33.63	39.16	1.49
Closing Capital Finance	11.84	26.28	59.69	98.63	72.61
Finance leases/PFI/ Deferred costs of	9.19	8.49	7.79	7.09	6.39
Total Closing GF CFR	135.11	163.42	209.42	257.60	233.49

2. The current forecast for the General Fund Headline CFR is £128.66m at the end of 2020-21 and £154.49m by the end of 2023-24. The increase in GF Headline CFR puts additional pressures on revenue budgets.
3. The Headline CFR figures exclude:
 - £5.6m Schools Windows Replacement Programme
 - £32m equity loan to the Civic Campus programme
 - £63m investment in acquisition of Civic Campus commercial units

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 grant contributions, the charging of a state-aid compliant interest rate, the loan repayment, commercial income or reduction in revenue costs (e.g. lease rental payments).

4. CFR movements related to these schemes are presented under "Self-Financing Schemes and Loans" heading in the Table 1. CFR for these schemes is forecast to increase by £14.44m to £26.28m in 2020-21 and to £72.61m by the end of 2023-24. Table 2 details the CFR movements regarding these schemes:

Table 2- Self -financing schemes and loans CFR movements 2020/21-2023/24

	Revised Budget 2020/21 (Q2)	Variations (Q3)	Revised Budget 2020/21 (Q3)	Indicative Budget 2021/22	Indicative Budget 2022/23	Indicative Budget 2023/24	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure							
Ad Hoc Schemes:							
Acquisition of commercial units (Civic Campus)	-	10,110	10,110	17,793	33,603	1,494	63,000
Equity Loan (Civic Campus) [ECD]	8,997	(4,440)	4,557	15,839	5,554	-	25,950
Education City regeneration-Youth Zone [ECD]	12	(12)	-	-	-	-	-
Total Mainstream Programmes	9,009	5,658	14,667	33,632	39,157	1,494	88,950
Financing							
Increase/(Decrease) in Borrowing	9,009	5,658	14,667	33,632	39,157	1,494	88,950
Total Financing	9,009	5,658	14,667	33,632	39,157	1,494	88,950

5. Minimum Revenue Provision (MRP) is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans). This is an annual revenue expense in a Council's budget. The MRP will, over time, reduce the CFR.
6. The statutory guidance issued by the Secretary of State (Ministry for Housing, Communities and Local Government) details the ways how MRP should be charged on various items of capital expenditure. MRP charges presented in the Table 1 follow this guidance and assume the following:
 - MRP charges are deferred for development projects until year after their completion. The rate charged is based on the estimated life of an asset (50 years for new developments).
 - MRP on rolling capital programmes and smaller scale ad hoc schemes is charged year after the expenditure incurs. The rate used is based on weighted average life of an assets (currently 3.01%).

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 01/02/2021

Subject: Treasury Management Strategy Statement 2021/22

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

Responsible Director: Phil Triggs - Director of Treasury and Pensions

Summary

This report sets out the Council's proposed Treasury Management Strategy Statement and Annual Investment Strategy for 2021/22 and seeks authority for the Director of Finance to deliver the treasury management activities as set out in the report.

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

Recommendations

1. That approval be given to the future borrowing and investment strategies as outlined in this report.
 2. That the Director of Finance, in consultation with the Cabinet Member for Finance and Commercial Services, be delegated authority to manage the Council's cash flow, borrowing and investments in 2021/22 in line with this report.
 3. In relation to the Council's overall borrowing for the financial year, to approve the Prudential Indicators as set out in this report and the revised Annual Investment Strategy set out in Appendix E.
-

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	Achieve best value for money in investment and borrowing decisions.
<ul style="list-style-type: none">Being ruthlessly financially efficient	Effective management of the Council's cashflow resources.

Financial Impact

This report is wholly of a financial nature.

Legal Implications

The Local Government Act 2003 and the regulations made under that Act require the Council to:

- set out an annual statement of its treasury management strategy for borrowing, having regard to the Prudential Code and setting out the Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- prepare an Annual Investment Strategy, setting out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Treasury Management Strategy Statement and Annual Investment Strategy must both have regard to guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and must be approved by the Full Council.

All other legal implications are contained within the body of the report.

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Background Papers Used in Preparing This Report (all Published)

- Treasury Management Strategy Statement 2020/21 (approved by Council February 2020)
 - Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended
 - MHCLG guidance on minimum revenue provision (4th Edition, 2018)
 - MHCLG guidance on local government investments (3rd Edition, 2018)
 - CIPFA Prudential Code for Capital Finance in Local Authorities (2018 Edition)
 - CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2018 Edition)
-

1. BACKGROUND

- 1.1 The Council is required to set a balanced budget, which means that resources available during the year is budgeted to meet expenditure. Part of the treasury management operation is to ensure that:
- The Council's capital programme and corporate investment plans are adequately funded;
 - Cash flow is adequately planned, with cash being available when needed to discharge the Council's legal obligations and to deliver Council services;
 - Surplus monies are invested wisely, in counterparties or financial instruments commensurate with the Council's low risk appetite, providing security of capital and adequate liquidity before considering investment yield.
- 1.2 Treasury Management Strategies provide a guide to the borrowing needs of the Council, essentially longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. The management of longer-term cash may involve arranging long or short-term loans, using cash flow surpluses, or restructuring any debts previously transacted to meet Council risk or cost objectives.
- 1.3 The Council has formally adopted CIPFA's Code of Practice on Treasury Management (the Code). The Code of Practice and Cross Sectoral Guidance Notes issued in 2018 require that each local authority has a Treasury Management Policy Statement that is approved by the Full Council, and this is set out in Appendix A.
- 1.4 The Council also follows other key requirements of the Code as set out in Appendix B. Prospects for interest rate changes and investment returns have been considered in developing and updating the Council's Treasury Management Strategies. The Bank of England published its latest Monetary Policy report in November 2020. CPI inflation forecasts were revised to 0.6% in 2020, 2.1% in 2021 and 2.0% in 2022.
- 1.5 In March 2020, the Bank of England responded to the COVID-19 outbreak by cutting rates from 0.50% to 0.25%, then further reduced to 0.10%. Recently, a unanimous decision was made on 5 November 2020 to keep rates at 0.10%. The Council's treasury management advisors, Link Asset Services, are currently forecasting the rate to remain unchanged for the next three years.
- 1.6 The importance of external economic factors is also a key driver in external parties setting rates and also the availability of instruments in which to invest and borrow. Appendix D sets out the present views of our treasury consultant, Link Asset Services.
- 1.7 Sections 4 to 6 of this report comprise the Council's Treasury Management Strategy Statement which covers three main areas as summarised below:

1. Borrowing

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

2. Capital spending plans

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

3. Managing cash balances and investments

- Current cash position
- Cash flow forecast
- Prospects for investment returns
- Council policy on investing and managing risk
- Balancing short- and longer-term investments
- Annual Investment Strategy

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

1.9 The Annual Investment Strategy in Appendix E provides more detail on how the Council’s surplus cash investments are to be managed in 2021/22. Approved schedules of specified and non-specified investments will be updated following consideration by Members and finalisation of 2021/22 budget plans.

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

2. BORROWING

Overall borrowing strategy

- 2.1 The Council's main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required.
- 2.2 Given the significant cuts to public expenditure and, in particular, local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the long-term stability of the debt portfolio. The key factors influencing the 2021/22 strategy are:
- forecast capital funding;
 - the current economic and market environment; and
 - interest rate forecasts.
- 2.3 The Council is currently maintaining an under-borrowed position. This means that capital expenditure has not been fully funded from loan debt as other funding streams (such as government grants and third-party contributions, use of Council reserves and cash balances and capital receipts) have been employed where available. This policy has served the Council well over the last few years while investment returns have been low and counterparty risk has been relatively high.
- 2.4 However, officers are constantly reviewing the situation to see if this remains the appropriate solution, or whether the Council should undertake more long-term borrowing to match the anticipated Capital Financing Requirement over the next few years. Given that the Council's resources available for internal borrowing are expected to reduce as capital spending intensifies, the Council needs to maintain flexibility to borrow at opportune moments in line with the approved Prudential Indicators.
- 2.5 On 26 November 2020, the Public Works Loan Board (PWLB) reversed the decision to increase the cost of borrowing for local authorities by 1.00%. All new loans are therefore now subject to the relevant gilt yields +0.80% (certainty rate).

Alternatives to PWLB

- 2.6 The Council's treasury management strategy permits borrowing from various sources, but it has not been previously anticipated that any alternatives to PWLB would need to be utilised, given the current low cost of PWLB funding.

- 2.7 In addition to the low interest rate payable, the key advantage of PWLB is the speed and ease of transaction processing and the low fee and administration cost associated with the loans. Alternative types of funding could result in lengthy due diligence, consultancy costs, legal advice and fees, and will be far more costly administratively.

Range of options

- 2.8 Alternative options for funding to PWLB include:

- Banks
- Pension fund institutional investors
- Bond issuance
- The Municipal Bonds Agency

Banks

- 2.9 Discussions with the Council's treasury consultant suggest that the Council could access borrowing from banks. However, the recent decision by the PWLB to reverse the 1.00% additional cost of general fund borrowing has resulted in banks being placed in an overly competitive environment.

Pension fund institutional investors

- 2.10 Initial indications have suggested that the Council may be able to borrow from institutional investors at rates of around gilt yield plus 1.20% to 1.80% for periods of over 20 years, via a private placement agreement (PPA). Such an arrangement will be subject to extensive negotiations with the lenders, who will need to carry out due diligence on a Council's finances, budgets and balance sheet. Again, the recent decision by the PWLB has resulted a lower PWLB rate than expected from private placements.

Bond investors

- 2.11 A bond issuance would first require the Council to become credit rated by one (or more) of the major ratings agencies: Fitch, S&P or Moody's. This is a complex, lengthy, repetitive and costly process.
- 2.12 The precise rate offered will be market led and dependent on the financial resilience of the authority and the market's perception of its creditworthiness.
- 2.13 Councils with significant reserves and a record of not overspending on budget will be able to secure the most advantageous rates. Bond releases typically require a minimum size of at least £200m.

Municipal Bonds Agency

- 2.14 This has been in existence since 2013 but has only recently transacted its first bond issuance and local authority borrower, at a rate of 1.73%.

Future prospects

- 2.15 Alternative opportunities for the Council may well present themselves, and the borrowing strategy will be designed to allow for this. The 'benchmark' for a borrowing opportunity is regarded at around gilts +0.8%. It is unclear at this stage whether feasible PWLB competition will materialise, and it is likely to take some time to do so.
- 2.16 Officers will continue to explore alternatives to the PWLB, working with the Council's treasury advisor, Link Asset Services. PWLB rates will also be kept under regular and active review.

3. Limits on external borrowing

- 3.1 The Prudential Code requires the Council to set two limits on its total external debt, as set out in Table 1 below. The limits for 2021/22 have remained at the same level compared with the 2020/21 Treasury Management Strategy Statement (TMSS) to reflect slippage in the capital programme from previous years. The limits are:
- **Authorised Limit for External Debt (Prudential Indicator 5a):** This is the limit prescribed by section 3(1) of the Local Government Act 2003, representing the maximum level of borrowing which the Council may incur. It reflects the level of external debt which, while not desired, could be afforded in the short term, but may not be sustainable in the longer term.
 - **Operational Boundary (Prudential Indicator 5b):** This is the limit which external debt is not normally expected to exceed. The boundary is based on current debt plus anticipated net financing need for future years.

Table 1: Overall borrowing limits

	2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Authorised Limit for External:				
Borrowing and other long-term liabilities	400	550	650	650
Operational Boundary for:				
Borrowing	325	480	550	570
Other long-term liabilities	15	15	15	15
TOTAL	340	495	565	585

Maturity structure of borrowing

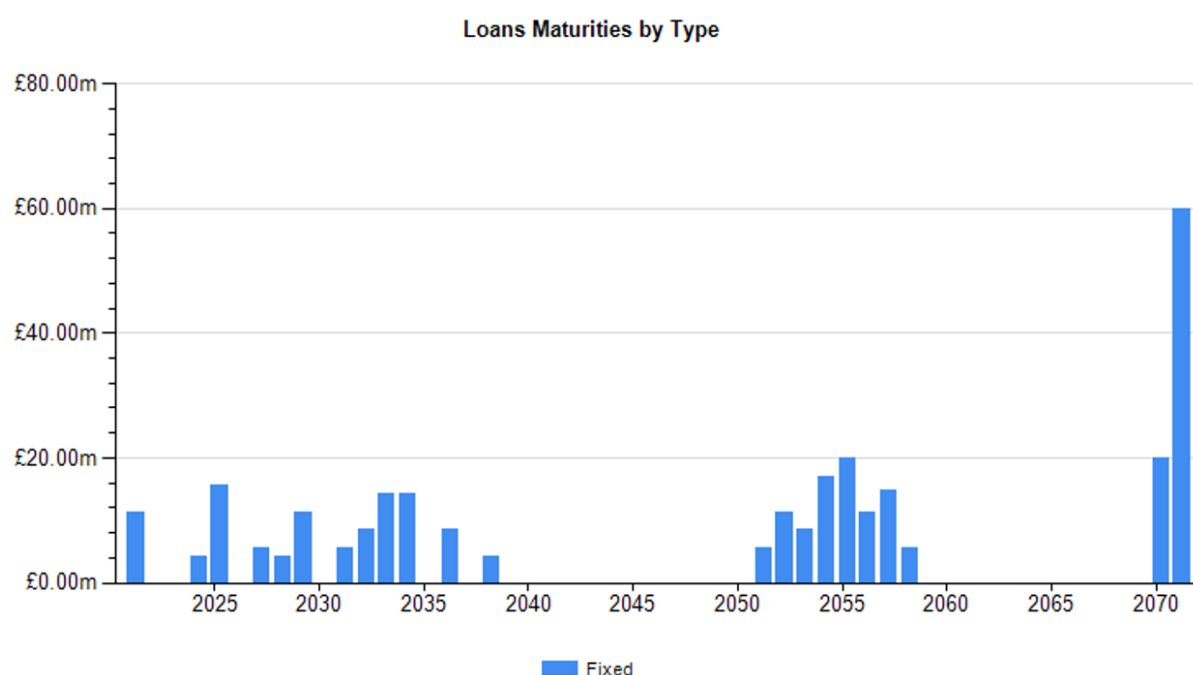
- 3.2 Managing the profile of when debt matures is essential for ensuring that the Council is not exposed to large fixed rate sums falling due for refinancing within a short time period, and thus potentially exposing the Council to additional risk and cost. Table 2 below sets out current upper and lower limits for debt maturity which are unchanged from 2020/21.

Table 2: Debt maturity profile limits

Actual Maturity at 30 Sep 2020		Lower Limit	Upper Limit
%		%	%
4	Under 12 months	0	15
0	12 Months and within 24 Months	0	15
7	24 Months and within 5 years	0	60
8	5 Years and Within 10 Years	0	75
81	10 Years and Above	0	100

Maturity profile of long-term borrowing

- 3.3 The chart below shows that the principal repayment profile for current council borrowing (as at 30th September 2020) remains within these limits.



Capital Financing Requirement (CFR)

- 3.4 The CFR measures the extent to which capital expenditure has not yet been financed from either revenue or other capital resources. Essentially, it

measures the Council's underlying borrowing need. Each year, the CFR will increase by the amounts of new capital expenditure not immediately financed.

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

Table 3a: Capital Financing Requirement forecast

2019/20 Actuals £m		2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
CFR as at 30 September					
135	General Fund Closing CFR (detail in Table 3b)	163	209	258	233
216	Closing Forecast HRA CFR	229	271	297	339
351	TOTAL	392	481	554	572
Annual Change					
47	General Fund	28	46	48	(24)
11	HRA	13	43	25	42
58	TOTAL	41	89	74	18

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

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

2019/20 Actuals £m		2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
114	General Fund CFR excluding self-financing schemes and loans	129	142	152	154
12	Self-financing schemes and loans	26	60	99	73
9	PFI and Finance lease liabilities	8	8	7	6
135	TOTAL	163	209	258	233

- 3.7 Table 4 below confirms that the Council's gross debt does not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for current year and the following two financial years. This allows some

flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue purposes.

Table 4: Borrowing compared to the Capital Financing Requirement

2019/20 Actual £m		2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
243	Gross Projected Debt	283	386	459	477
351	Capital Financing Requirement	392	481	554	572
108	Under/(over) borrowing	109	95	95	95

Affordability

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

Table 5: Ratio of capital financing costs to income

2019/20 Actual %		2020/21 Forecast %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %
(1.43)	General Fund	(0.94)	(0.61)	0.00	0.07
5.9	HRA	6.19	6.34	2.46	6.83

- 3.9 From 2021/22 onwards, gross capital financing charges (loan interest, MRP and finance and PFI payments) for the General Fund capital programme will start to increase as a proportion of the income from investments and the commercial property portfolio, as new debts are raised to close the gap between funding and the CFR.
- 3.10 The capital financing charges arising from the HRA capital programme increase in line with the forecast increased income, hence capital charges as a proportion of the HRA net revenue stream will remain fairly steady.

4 Minimum Revenue Provision (MRP) Policy

- 4.1 Capital expenditure is generally defined as expenditure on assets that have a life expectancy of more than one year. The accounting approach is to spread the cost over the estimated useful life of the asset. The mechanism for spreading these costs is through an annual MRP. The MRP is the means by

which capital expenditure, which is financed by borrowing or credit arrangements, is funded by Council Tax.

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

Borrowing in advance of need

- 4.3 The Council has the power to borrow in advance of need in line with its future borrowing requirements under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated, and that the Council can ensure the security of such funds. Currently, there are no plans to incur any additional external borrowing in the medium term.
- 4.4 Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt rescheduling

- 4.5 As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the cost of debt repayment (premiums incurred), which are very costly. Officers recently obtained a schedule of current premiums that would be payable on early redemptions from the Council's treasury advisor following discussions at the Audit and Pensions Committee on 1 December 2020. The amounts in the schedule re-affirm that it is not cost effective to pay PWLB loans prematurely
- 4.6 The reasons for any rescheduling to take place will include:
- generating cash savings and / or discounted cash flow savings;
 - helping to fulfil the treasury strategy; and
 - enhancing the balance of the portfolio by amending the maturity profile and/or the balance of volatility.

- 4.7 Consideration will also be given to identifying the potential for making savings by running down investment balances to repay debt prematurely as short-term rates on investments are likely to be lower than rates paid on current debt.
- 4.8 Any rescheduling must be authorised by the Director of Finance in consultation with the lead Cabinet Member.

5. CAPITAL

Capital spending plans

- 5.1 The Prudential Code requires that any borrowing and investment decisions are taken in the light of capital spending plans and consideration of how that proposed capital expenditure will be purchased. The Council's capital expenditure plans have been reported in the four-year capital programme 2020/21 to 2023/24 reported elsewhere on the Committee's agenda, both in terms of those agreed previously, and those forming part of the current budget cycle.
- 5.2 Any slippage against the capital programme, or new capital approvals, will impact on the figures reported throughout this report.

Housing Revenue Account (HRA) borrowing

- 5.3 From October 2018 onwards, local authorities with an HRA are no longer constrained by government controls over borrowing for house building and are able to borrow against their expected rental income, in line with the Prudential Code.
- 5.4 For the period 2020/21 to 2023/24, based on the planned four-year capital programme and due to reduced cash balances from the latter half of 2020/21 onwards, the HRA may need to actively consider new external borrowing.
- 5.5 Where the HRA is borrowing below its level of CFR and is under borrowed, the general fund will make an accounting charge to the HRA based on the average one-year LIBOR rate applied to the under borrowed position.

Other investment opportunities

- 5.6 As well as investing in assets owned by the Council and used in the delivery of services, the Council also invests, or may invest, where appropriate, in:
- Infrastructure projects, such as green energy;
 - Loans to third parties;
 - Shareholdings in limited companies and joint ventures.
- 5.7 Such investments are treated as expenditure for treasury management and Prudential borrowing purposes, even though they do not create physical

assets in the Council's accounts. Appropriate budgets in respect of these activities will be agreed as part of the Council's budget setting and ongoing monitoring processes and considered as part of the Annual Investment Strategy.

6. MANAGING CASH BALANCES

Current position and cash flow forecast

- 6.1 Table 6 below shows that cash balances have increased by £40m in the past six months which is due to the council taking out two HRA PWLB loans in April 2020 at low interest rates of 1.25% and 1.26%. The cash largely comprises the Council's usable reserves, capital receipts and unspent grants.

Table 6: Cash position at 30 September 2020

As at 31 March 2020		As at 30 September 2020	
Principal	Average Rate	Principal	Average Rate
£m	%	£m	%
Investments			
209	0.8	243	0.2
0	0.0	0	0.0
209	Total	243	
Borrowing			
243	4.2	283	3.8
243	Total	283	

- 6.2 The Council aims to manage daily cash flow peaks and troughs to achieve a nil current account balance daily throughout the year. As such the average yearly surplus cash balances should be fully invested throughout.

Prospects for investment returns

- 6.3 Investment returns are likely to remain exceptionally low during 2021/22 with little change in the following two years. While the Bank of England said in August / September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next six to 12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank of England and the Government have provided financial markets and businesses with plentiful access to credit,

either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID-19 crisis. This has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

- 6.4 Money Market Funds (MMFs) yields have continued to drift lower. Some managers have resorted to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a surfeit of money available at the very short end of the market. This has seen a number of market operators, now including the Debt Management Account Deposit Facility (DMADF), offer nil or negative rates for very short-term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.
- 6.5 Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home. This has occurred when many local authorities are probably having difficulties accurately forecasting the inflow and outflow of grants received from the Government.

Council policy on investing and managing risk

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

Balancing short- and longer-term investments

- 6.7 During the first half of 2020/21, there have been no new investments of surplus funds for more than 364 days. The 2021/22 Annual Investment Strategy permits investing for more than 364 days. Using longer term maturity investments would improve yields; however, this needs to be balanced with liquidity needs.

Table 7: Investment limits

2019/20 Actual £m	2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Upper Limit for principal 7 sums invested for more the 364 days	120	120	120	120

Annual Investment Strategy

- 6.8 The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves.

- 6.9 The Local Government Act 2003 requires the Council to prepare an Annual Investment Strategy, setting out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. This strategy is set out in Appendix E.
- 6.10 Investments are made with reference to the core balance, future cash flow requirements and the outlook for interest rates. The Council's investment priorities will always be security of capital first, liquidity second, then investment yield.

7. SUMMARY OF PRUDENTIAL INDICATORS (PIs)

- 7.1 The purpose of prudential indicators (PIs) is to provide a reference point or "dashboard" so that senior officers and Members can:
- easily identify whether approved treasury management policies are being applied correctly in practice; and
 - take corrective action as required.
- 7.2 As the Council's S151 officer, the Director of Finance has responsibility to ensure that appropriate Prudential Indicators are set and monitored and that any breaches are reported to Members.
- 7.3 The Director of Finance has confirmed that the PIs set out below are all expected to be complied with in 2020/21 and it is not envisaged at this stage that there will be any difficulty in achieving compliance with the suggested indicators for 2021/22

PI ref	Para ref		2020/21 indicator	2020/21 forecast	2021/22 proposed
1	5.1	Capital expenditure	£103m	£102m	£162m
2	3.4	Capital Financing Requirement (CFR)	£402m	£392m	£481m
3	3.7	Net debt vs CFR	£95m underborrowing	£149m underborrowing	£95m underborrowing
4	3.8	Ratio of financing costs to revenue stream	GF 1.81%	GF (0.94%)	GF (0.61%)
			HRA 28.94%	HRA 6.19%	HRA 6.34%
5a	3.1	Authorised limit for external debt	£400m	£243m	£550m
5b	3.1	Operational debt boundary	£340m	£243m	£495m
6	6.2	Working capital balance	£0m	£0m	£0m

7	6.7	Limit on surplus funds invested for more than 364 days (i.e. non-specified investments)	£120m	£0m	£120m
8	3.2	Maturity structure of borrowing	Upper limit under 12 months - 15%	Upper limit under 12 months - 5%	Upper limit under 12 months - 15%
			Lower limit 10 years and above - 100%	Lower limit 10 years and above - 78%	Lower limit 10 years and above - 100%

8. Reasons for Decision

This report represents the Council's Treasury Management Strategy Statement for 2020/2021. It is a regulatory requirement for this report to be reported to the Council. It is recommended that approval is given to the future borrowing and investment strategies as outlined in this report.

9. Equality Implications

The report is for noting. There are no equality implications for groups with protected characteristics (under the Equality Act 2010) as a result of this report. EIA's have been completed for each service area to which the underlying financing in this report relates to. Additionally, there is a general EIA which assesses the impacts on equality of the main items in the budget proposed to Full Council.

Implications verified by Mary Lamont, Strategic Head of People & Talent, tel. 0785 337 2862.

10. Risk Management Implications

Treasury Management contributes to all the Council Values and Delivery of Objectives. Management of treasury risks are commensurate to the risk appetite of the Council. The effective understanding, control and management of the many aspects of risk associated with treasury management are essential to achieving an authority's objectives. Risk management is therefore embedded throughout treasury guidance, policies and practices.

Treasury risks present themselves in many forms, from failure to optimise performance by not taking advantage of opportunities, to managing exposure to changing economic circumstances, most recently the situation is somewhat uncertain due to this Government's negotiations over the UK's departure from the European Union as expressed in section 6 of this report. In adopting a policy of managing risk, an authority is determining its level of risk acceptance.

The key challenge is to understand, identify, monitor and manage risks in a planned and effective way. Local authorities are required to report annually to Full Council on their treasury management strategy statement (TMSS) before the start of the year, which sets the objectives and boundaries for the approach to treasury activity.

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

Implications verified by: David Hughes, Director of Audit, Risk and Fraud, tel. 020 7361 2389.

11. Other Implications

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

Implications verified by: Kamal Motalib, Economic Development Team, tel. 07739 316 957.

12. Consultation

Consultation took place with the Council's investment advisor, Link Asset Services, in respect of the economic and interest rate update.

List of Appendices:

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

THE TREASURY MANAGEMENT POLICY STATEMENT

The CIPFA recommendations contained in the Code of Practice and Cross Sectoral Guidance Notes issued as a revised version in 2009, 2011 and 2018 for Treasury Management in the Public Services require that each Local Authority has a Treasury Management Policy Statement that is approved by the Full Council.

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

This Council defines its Treasury Management activities as:

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

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

MEETING CIPFA REQUIREMENTS

The Council has formally adopted CIPFA's Code of Practice on Treasury Management (updated 2018) and complies with the requirements of the Code as detailed below:

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

Treasury Management Delegations and Responsibilities

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

Council

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

Cabinet

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

Audit and Pensions Committee

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

Section 151 Officer

The role of the Section 151 is vested in the Director of Finance post (the S151 Officer), pursuant to Section 101 of the Local Government Act 1972 and by the Executive under Section 15 of the Local Government Act 2000.

The S151 Officer may authorise officers to exercise on their behalf functions delegated to them. Any decisions taken under this authority shall remain the responsibility of the S151 Officer and must be taken within the guidelines of the Treasury Management Strategy.

The S151 Officer has full delegated powers from the Council and is responsible for the following activities:

- Investment management arrangements and strategy;
- Borrowing and debt strategy;
- Monitoring investment activity and performance;
- Overseeing administrative activities;
- Ensuring compliance with relevant laws and regulations;
- Provision of guidance to officers and members in exercising delegated powers.

Director of Treasury and Pensions

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

Treasury team

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

Training

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

Monitoring and Reporting

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

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

The Council will adopt the following reporting arrangements in accordance with the

requirements
of the
revised
code:

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

PROSPECTS FOR INTEREST RATES

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

Link Group Interest Rate View			(The Capital Economics forecasts were done 11.11.20)												
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20															
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	
5 yr PWLB	0.80	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00	
10 yr PWLB	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30	
25 yr PWLB	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80	
50 yr PWLB	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60	
Bank Rate															
Link	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
Capital Economics	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-	
5yr PWLB Rate															
Link	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	
Capital Economics	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	-	-	-	-	-	
10yr PWLB Rate															
Link	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	
Capital Economics	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	-	-	-	-	-	
25yr PWLB Rate															
Link	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80	
Capital Economics	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	-	-	-	-	-	
50yr PWLB Rate															
Link	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60	
Capital Economics	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	-	-	-	-	-	

Source: Link Asset Services

- The COVID-19 outbreak has inflicted huge economic damage to the UK and global economies. After the Bank of England took emergency action on 19 March to cut the Bank Rate to 0.10%, with some forecasters suggesting future negative territory could happen.
- However, the Governor of the Bank of England has made it clear that he thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in the Bank Rate is expected as economic recovery is expected to be only gradual and prolonged.
- Gilt yields / PWLB rates.** There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields.

5. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets during this time period.
6. Over the year prior to COVID-19, bond yields up to 10 years have turned negative in the Eurozone. Additionally, there has at times been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. Conversely, bond prices have been elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and therefore selling out of equities.
7. Gilt yields had therefore already been on a generally falling trend up until the COVID-19 crisis hit western economies during March 2020. After gilt yields spiked up during March 2020, we have seen these yields fall sharply to unprecedented lows as investors panicked in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds, resulting in downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by the issuance of government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have remained at remarkably low rates so far in 2020/21.
8. As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the COVID-19 shut down period. From time to time, gilt yields and therefore PWLB rates can be subject to exceptional levels of volatility due to geopolitical events, sovereign debt crises, emerging market developments and sharp changes in investor sentiment, as shown on 9 November 2020 when the first results of a successful COVID-19 vaccine trial were announced. Such volatility could occur at any time during the forecast period.

ECONOMIC UPDATE

1. **UK:** The Bank of England's Monetary Policy Committee (MPC) kept the Bank Rate unchanged on 5 November 2020. However, it revised its economic forecasts to take account of a second national lockdown from 5 November to 2 December 2020 which is obviously going to delay any economic recovery and result in further damage to the economy. It therefore decided to commit to a further tranche of quantitative easing (QE) of £150bn, to start in January 2021 when the current programme of £300bn of QE announced in March to June expires. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".
2. Its forecasts appeared, at the time, to be rather optimistic in terms of three areas:
 - a. The economy would recover to reach its pre-pandemic level in Q1 2022
 - b. The Bank also expects there to be excess demand in the economy by Q4 2022.
 - c. CPI inflation is therefore projected to be a bit above its 2% target by the start of 2023 and the "inflation risks were judged to be balanced".
3. Significantly, there was no mention of negative interest rates in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next six to 12 months. However, rather than saying that it "stands ready to adjust monetary policy", the MPC this time said that it will take "whatever additional action was necessary to achieve its remit". The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.
4. One key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". One interpretation is that, even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise the Bank Rate until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise the Bank Rate. Link Asset Service's bank Rate forecast currently shows no increase through to Q1 2024 but there could well be no increase during the next five years due to the slow rate of recovery of the economy and the need for the Government to see the burden of the elevated debt to Gross Domestic product (GDP) ratio falling significantly. Inflation is unlikely to pose a threat requiring increases in the Bank Rate during this period as there is likely to be spare capacity in the economy for a

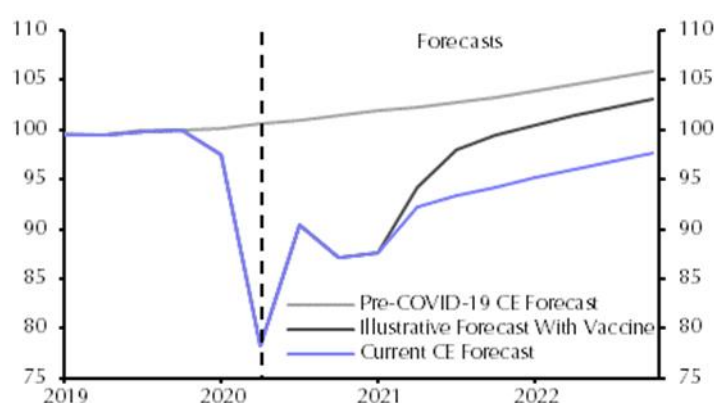
considerable time. It is expected to briefly peak at around 2% towards the end of 2021, but this is a temporary short-lived factor and so not a concern.

5. However, the minutes did contain several references to downside risks. The MPC reiterated that the “recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside”. It also said, “the risk of a more persistent period of elevated unemployment remained material”. Downside risks could well include severe restrictions remaining in place in some form during the rest of December 2020 and most of January 2021 too. That could involve some or all of the lockdown being extended beyond 2 December, a temporary relaxation of restrictions over Christmas, a resumption of the lockdown in January 2021 and many regions being subject to Tier 3 restrictions when the lockdown ends. Hopefully, restrictions should progressively ease during spring 2021. It is only to be expected that some businesses that have barely survived the first lockdown will fail to survive the second lockdown, especially those businesses that depend on a surge of business in the run up to Christmas each year. This will mean that there will be some level of further permanent loss of economic activity, although the extension of the furlough scheme to 31 March 2021 will limit the degree of damage done.
6. As for the upside risk, the Pfizer announcement on 9 November 2020 was very encouraging as its 90% rate of effectiveness was much higher than the 50-60% rate of effectiveness reference flu vaccines which might otherwise have been expected. There has been even further encouraging news since then with another two vaccines, also announcing high success rates. Together, these three announcements have enormously boosted confidence that life could largely return to normal during the second half of 2021, with activity in the still depressed sectors, including restaurants, travel and hotels, returning to their pre-COVID-19 levels, which would help to bring the unemployment rate down. With the household saving rate currently being exceptionally high, there is plenty of pent-up demand and purchasing power stored up for these services. A comprehensive roll-out of vaccines might take into late 2021 to fully complete but, if these vaccines prove to be highly effective, there is a possibility that restrictions could begin to be eased, possibly in Q2 2021, once vulnerable people and front-line workers had been vaccinated. At that point, there would be less reason to fear that hospitals could be further overwhelmed. Effective vaccines would radically improve the economic outlook once they have been widely administered and may allow GDP to rise to its pre-COVID-19 level a year earlier than otherwise, resulting in unemployment rate peaks at 7% next year instead of 9%. But, while this would reduce the need for more QE and/or negative interest rates, increases in the Bank Rate would still remain some years away. There is also a potential question as to whether the relatively optimistic outlook of the Monetary Policy Report was swayed by making positive assumptions around effective vaccines being available soon. It should also be borne in mind that as effective vaccines will take time to administer, economic news could well get worse before it starts getting better.

7. Public borrowing is now forecast by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE undertaken by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt is being issued, and this is being done across the whole yield curve in all maturities. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running an annual budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a less optimistic view of the impact that vaccines could make in the speed of economic recovery.

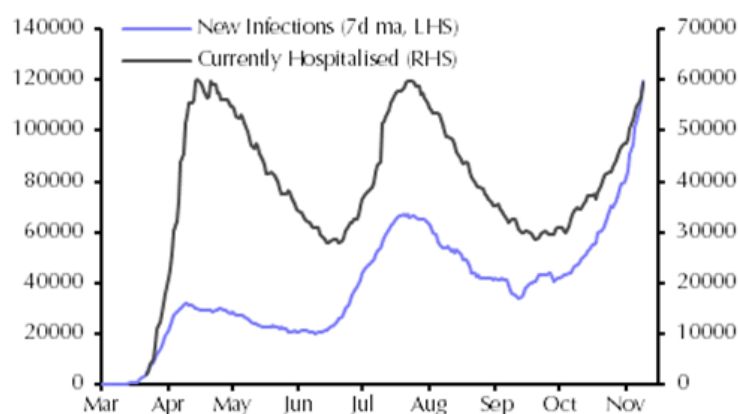
8. Overall, the pace of recovery was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp but after a disappointing increase in GDP of only 2.1% in August 2020, this left the economy still 9.2% smaller than in February 2020. This suggested that the economic recovery was running out of steam after recovering 64% of its total fall during the crisis. The last three months of 2020 were originally expected to show zero growth due to the impact of widespread local lockdowns, consumers probably remaining cautious in spending, and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year also being a headwind. However, the second national lockdown starting on 5 November 2020 for one month is expected to depress GDP by 8% in November 2020 while the rebound in December 2020 is likely to be muted and vulnerable to the previously mentioned downside risks. It was expected that the second national lockdown would push back recovery of GDP to pre pandemic levels by six months and into sometime during 2023. However, the graph below shows the Capital Economics forecast on what happen if successful vaccines were widely administered in the UK in the first half of 2021: this could cause a much quicker recovery.

Level of real GDP (Q4 2019 = 100)



9. There will be some painful longer-term adjustments, e.g., office space and air travel, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a reversal of globalisation as this crisis has exposed how vulnerable long-distance supply chains are. Conversely, digital services is one area that has already seen huge growth.
10. The Financial Policy Committee (FPC) report on 6 August 2020 revised down the expected credit losses for the banking sector to “somewhat less than £80bn”. It stated that in its assessment “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.
11. **US:** The result of the November 2020 US election means that while the Democrats have gained the presidency and a majority in the House of Representatives, it looks as if the Republicans will retain their slim majority in the Senate. This means that the Democrats will not be able to commit to significant fiscal stimulus, as they had been hoping to do after the elections, as they will have to get agreement from the Republicans. That would have resulted in another surge of debt issuance and could have put particular upward pressure on debt yields, which could have resulted in upward pressure on gilt yields. On the other hand, equity prices leapt up on 9 November 2020 on the first news of a successful vaccine and have risen further during November 2020 as more vaccines announced successful results. This could cause a big shift in investor sentiment, i.e., a swing to sell out of government debt to buy into equities which would normally be expected to cause debt prices to fall and yields to rise. However, the rise in yields has been quite muted so far and it is too early to say whether the US Federal Reserve would feel it necessary to take action to suppress any further rise in debt yields. It is likely that the next two years, and possibly four years in the US, could be a political stalemate where neither party can do anything radical.
12. The US economy had been recovering quite strongly from its contraction seen in 2020 of -10.2% due to the pandemic, with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during Q4, to the highest level since mid-August 2020, suggests that the US could be in the early stages of a third wave. While the first wave in March and April 2020 was concentrated in the north-east, and the second wave in the south and west, the latest wave has been driven by a growing outbreak in the mid-west. The latest upturn poses a threat that the recovery in the economy could stall. This is the single biggest downside risk to the shorter-term outlook, a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.

COVID-19 New infections & hospitalisations



13. After the Federal Reserve adopted its flexible average inflation target in late August 2020, the mid-September 2020 meeting of the Federal Reserve agreed to a toned down version of the new inflation target, stating that, "it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time." This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline, with long-term bond yields duly rising after its meeting. The Federal Reserve also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared with more directed central government fiscal policy. The FOMC's updated economic and rate projections in mid-September 2020 showed that officials expect to leave the Federal Reserve funds rate at near-zero until at least end of 2023 and probably for another year or two beyond that. There is now some expectation that where the Federal Reserve has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.
14. **EU:** The economy was recovering well towards the end of Q2 and into Q3 2020 after a sharp drop in GDP caused by the COVID-19 virus (e.g. France - 18.9%, Italy -17.6%). However, growth is likely to stagnate during Q4 and Q1 of 2021 as a second wave of the virus has affected many countries, and is likely to hit hardest those countries more dependent on tourism. The €750bn fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the worst affected countries. With inflation unlikely to get much above 1% over the next

two years, the European Central Bank (ECB) has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. It is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support from governments. The current Pandemic Emergency Purchase Programme (PEPP) scheme of €1,350bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a Euro crisis while the ECB is able to maintain this level of support. However, the PEPP scheme is regarded as being a temporary measure during this crisis so it may need to be increased once the first PEPP runs out during early 2021. It could also decide to focus on using the Asset Purchase Programme to make more monthly purchases, rather than the PEPP scheme, and it does have other monetary policy options.

15. **China:** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4, enabling China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared with western economies. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
16. **Japan:** Japan's success in containing the virus without imposing draconian restrictions on activity should enable a faster return to pre COVID-19 virus levels of output than in many major economies. While the second wave of the virus has been abating, the economy has been continuing to recover at a reasonable pace from its earlier total contraction of -8.5% in GDP. However, there now appears to be the early stages of the start of a third wave. It has also been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. There has also been little progress on fundamental reform of the economy. The change of Prime Minister is not expected to result in any significant change in economic policy.
17. **World growth:** While Latin America and India have, until recently, been hotspots for COVID-19 virus infections, infection rates have begun to stabilise. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

Source: Link Asset Services

ANNUAL INVESTMENT STRATEGY

1. The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves. During the first half of the current year, the Council's average investment balance has been around £263m. Investments are made with reference to the core balance, future cash flow requirements and the outlook for interest rates.
2. The Council's investment policy has regard to the DCLG's Guidance on Local Government Investments ("the Investment Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.
3. In accordance with the above guidance and to minimise the risk to investments, the Council applies minimum acceptable credit criteria to generate a list of highly creditworthy counterparties, which will provide security of investments, enable diversification and minimise risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.

Investment return expectations

4. The Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising, so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.
5. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long-term forecast is for periods over ten years in the future):

Average earnings in each year	
2020/21	0.10%
2021/22	0.10%
2022/23	0.10%
2023/24	0.25%
2024/25	0.75%
Long term later years	2.00%

Source: Link Asset Services

6. The overall balance of risk to economic growth in the UK is probably relatively even but is subject to major uncertainty due to the COVID-19 virus. It may also be affected by what, if any, deal the UK agrees as part of the UK's exit from the EU. There is relatively little UK domestic risk of increases or decreases in the Bank Rate and shorter term PWLB rates until 2023/24 at the earliest.

Investment time limits

7. This limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment. For the year 2021/22, the proposed limit of investments for over 364 days is £120m as set out in the TMSS.

Investment Policy

8. The Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to assess continually and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
9. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Creditworthiness Policy

10. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:
 - It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security; and
 - It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
11. The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those which determine which types of investment instrument are either specified or non-specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
12. The Council takes into account the following relevant matters when proposing counterparties:
 - the financial position and jurisdiction of the institution;

- the market pricing of credit default swaps¹ for the institution;
 - any implicit or explicit Government support for the institution;
 - Standard & Poor, Moody's and Fitch short- and long-term credit ratings;
 - Sovereign ratings to select counterparties from only the most creditworthy countries; and
 - Core Tier 1 capital ratios².
13. Changes to the credit rating will be monitored and, in the event that a counterparty is downgraded and does not meet the minimum criteria specified in Appendix E, the following action will be taken immediately:
- no new investments will be made;
 - existing investments will be recalled if there are no penalties; and
 - full consideration will be given to recall or sale existing investments which would be liable to penalty clause.

Specified and Non-specified investments

14. The DCLG Guidance on Local Government Investments made under section 15(1) of the Local Government Act 2003, places restrictions on local authorities around the use of specified and non-specified investments. A specified investment is defined as an investment which satisfies all of the conditions below:
- The investment and any associated cash flows are denominated in sterling;
 - The investment has a maximum maturity of one year;
 - The investment is not defined as capital expenditure; and
 - The investment is made with a body or in an investment scheme of high credit quality; or with the UK Government, a UK Local Authority or parish/community council.
15. Investments with UK local authorities are deemed to be high credit quality because of the strong regulatory financial framework within which local authorities are required to operate and which mitigates against the risk of default, summarised below:

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

² The Tier 1 capital ratio is the ratio of a bank's core equity capital to its total risk-weighted assets (RWA). Risk-weighted assets are the total of all assets held by the bank weighted by credit risk according to a formula determined by the Regulator (usually the country's central bank). Most central banks follow the Basel Committee on Banking Supervision (BCBS) guidelines in setting formulae for asset risk weights.

The Core Tier 1 ratios for the four UK banks that the Council uses are: Barclays: 10.2%, HSBC: 11.2%, Lloyds: 12.0% and RBS: 10.8%.

- The requirement to set a balanced budget annually under sections 31A and 42A of the Local Government Finance Act 1992;
 - The requirement to budget for a minimum level of reserves including risk under the Local Government Act 2003;
 - The requirement for the S151 officer to issue a statutory report in the event that the authority intends to not set an adequate level of reserves or intends to undertake a course of action which he considers to be unlawful;
 - The requirement for long-term borrowing to be solely for capital expenditure;
 - The cap on excessive borrowing through the operation of the limits in the Prudential Code;
 - All borrowing has to be secured on revenues of a local authority rather than assets.
16. All investments with local authorities will be subject to due diligence review of their accounts and financial health by the Tri-Borough Director of Treasury and Pensions and agreed with the Director of Finance.
17. A non-specified investment is any investment that does not meet all the conditions above. In addition to the long-term investments listed in the table at the end of Appendix E, the following non-specified investments that the Council may make include:
- **Green Energy Bonds:** Investments in solar farms are a form of Green Energy Bonds that provide a secure enhanced yield. The investments are structured as unrated bonds and secured on the assets and contracts of solar and wind farms. Before proceeding with any such investment, internal and external due diligence will be undertaken in advance of investments covering the financial, planning and legal aspects.
 - **Loans:** The Council may consider advancing loans (as a form of investment) to organisations delivering services for the Council where this will lead to the enhancement of services to Council stakeholders. The Council will undertake due diligence checks to confirm the borrower's creditworthiness before any sums are advanced and will obtain appropriate levels of security or third party guarantees for loans advanced. The Council would expect a return commensurate with the type and duration of the loan. All loans would need to be in line with the Council's Scheme of Delegation and Key Decision thresholds levels.
 - **Shareholdings in limited companies and joint ventures:** The Council may invest in three forms of company:
 - Small scale businesses aimed at promoting economic growth in the area. Individual investments are no more than £0.5m and the aim is for these to be self-financing over the medium term. Any such loans will be subject to due diligence and the Council's Scheme of Delegation and Key Decision thresholds levels.

- Trading vehicles which the Council has set up to undertake particular functions. Currently the Council has interests in the following companies: Lyric Theatre Hammersmith Ltd, Hammersmith and Fulham Urban Studies Centre, Hammersmith and Fulham Bridge Partnership, HFS Developments LLP, HFS Developments 2 LLP, LBHF Ventures Ltd, LBHF Joint Ventures Ltd and LBHF Family Support Services Ltd. These are not held primarily as investments but to fulfil Council service objectives. Any new proposals will be subject to due diligence as part of the initial business case. As these are not to be held primarily as investment vehicles, then there is an expectation that they will break even.
 - Trading vehicles held for a commercial purpose where the Council is obliged to undertake transactions via a company vehicle. These will be wholly owned subsidiaries of the Council with the aim of diversifying the investment portfolio risk.
18. For any such investments, specific proposals will be considered by the Director of Treasury and Pensions, and the Director of Finance in consultation with the Cabinet Member for Finance and Commercial Services and approvals to be in accordance with the Council's Constitution and governance processes, after taking into account:
- cash flow requirements
 - investment period
 - expected return
 - the general outlook for short to medium term interest rates
 - creditworthiness of the proposed investment counterparty
 - other investment risks
 - due diligence review

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

Country of Domicile

19. The current TMSS allows deposits / investments with financial entities domiciled in the countries listed at the foot of the schedule of investments table.

Schedule of investments

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

All investments listed below must be sterling denominated

Investments	Minimum Credit Rating Required (S&P/Moody's/Fitch)	Maximum Individual Counterparty Investment Limit £m	Maximum tenor	Changes from the 2020/21 TMSS
DMO Deposits	Government Backed	Unlimited	6 months	No change
UK Government (Gilts/T-Bills/Repos)	Government Backed	Unlimited	Unlimited	No change
Supra-national Banks, European Agencies	LT: AA-/Aa3/AA-	£100m	5 years	No change
Covered Bonds	LT: AA+/Aa1/AA+	£100m	5 years	No change
Network Rail	Government guarantee	£200m maximum	Oct-52	No change
TfL	LT: AA/Aa/AA	£100m	3 years	No change
Collective Investment Scheme Investment Grade Bond Fund	Due diligence	£30m	Daily pricing	New addition
GLA	N/A	GLA: £100M	3 years	No change
UK Local Authorities (LA)		LA: £30m per LA, per criteria £200m in aggregate	3 years	No change
Commercial Paper issued by UK and European Corporates	LT: AA-/Aa3/AA-ST: F2/P-2/A-2	£20m per name £80m in aggregate	1 year	No change
Money Market Funds (MMF)	LT: AAA by at least one of the main credit agencies	£45m per Fund Manager £300m in aggregate	3-day notice	Limits increased
Enhanced Money Funds (EMF)	LT: AAA by at least one of the credit agencies ST: F2/P-2/A-2	£25m per fund manager, £100m in aggregate	Up to 7 day notice	No change

Investments	Minimum Credit Rating Required	Maximum Individual Counterparty Investment Limit	Maximum tenor	Changes from the 2019/20 TMSS
	S&P/Moody's/Fitch	£m		
UK Bank (Deposit/ Certificates of Deposit/ Short Dated Bonds)	LT: AA-/Aa3/AA- or UK Government Ownership greater than 25%	£70m	3-5 years	No change
	LT: A-/A3/A-	£50m	1-3 years	No change
	ST: F2/P-2/A-2	£50m	0-1 year	No change
Non-UK Bank (Deposit/Certificates of Deposit/Short Dated Bonds)	LT: AA-/Aa2/AA-	£50m	1-3 years	No change
	ST: F2/P-2/A-2	£30m	0-1 year	No change
Green Energy Bonds	Internal and External due diligence	Less than 25% of the total project investment or maximum of £20m per bond. £50m in aggregate	10 years	No change
Rated UK Building Societies	LT: A3/A-	£30m	3 years	No change
	ST: P-2/A-2			
Sovereign approved list (AA- rated and above):	Abu Dhabi (UAE), Australia, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Luxembourg, Netherlands, Norway, Qatar, Singapore, Sweden, Switzerland, UK and USA			

UK T-Bills: UK Government Treasury Bills (T-Bills) are short term promissory notes issued by the UK Government at a discount to par, for tenors of up to one year.

UK Gilts: UK Government Gilts provide a greater yield than cash deposits with the DMO.

UK Government repurchase agreements (Repos): UK Government repurchase agreements are the purchase of UK Government securities with an agreement to resell them back at a higher price at a specific future date.

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

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

Network Rail: All Network Rail infrastructure debt is directly and explicitly backed by a financial indemnity from the Secretary of State for Transport acting for and on behalf of the government of the United Kingdom of Great Britain. The financial indemnity is a direct UK sovereign obligation of the crown and cannot be cancelled for any reason (prior to its termination date in October 2052). Propose to change TMSS limit to £200m and set the maximum maturity to Oct 2052.

CREDIT RATINGS

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

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

London Borough of Hammersmith and Fulham

Report to: Cabinet

Date: 01/02/2021

Subject: Treasury Management Strategy: Mid-Year Review Report 2020/21

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

Responsible Director: Phil Triggs - Director of Treasury and Pensions

Summary

This report provides an update on the implementation (six-month point to 30 September 2020) of the 2020/21 Treasury Management Strategy approved by Council on 26 February 2020 and presents the Treasury Management Strategy 2020/21 mid-year review. Treasury management comprises the management of the Council's borrowing to ensure that funding of the Council's future capital programme is at optimal cost and investing surplus cash balances arising from the day-to-day financial operation of the Council to obtain an optimal return, while ensuring security of capital and liquidity.

This report complies with CIPFA's Code of Practice on Treasury Management, and covers the following:

- a review of the Council's investment portfolio for 2020/21 to include the treasury position as at 30 September 2020;
- a review of the Council's borrowing strategy for 2020/21;
- a review of compliance with Treasury and Prudential Limits for the first six months of 2020/21;
- an economic update for the first part of the 2020/21 financial year.

Recommendations

To note the Treasury Management Strategy 2020/21 mid-year review.

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	Achieve best value for money in investment and borrowing decisions.
<ul style="list-style-type: none">• Being ruthlessly financially efficient	Effective management of the Council's cash flow resources.

Financial Impact

This report is wholly of a financial nature.

Legal Implications

There are no legal implications arising from this report.

Implications verified by: Janette Mullins Chief Solicitor (litigation)

Contact Officer(s):

Name: Sophie Green
Position: Treasury Manager
Telephone: 07816 280 994
Email: sgreen1@westminster.gov.uk
Verified by Emily Hill, Director of Finance

Name: Janette Mullins
Position: Chief Solicitor (litigation)
Telephone: 020 8753 2744
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Background Papers Used in Preparing This Report

Treasury Management Strategy Statement 2020/21- PUBLISHED

1. TREASURY POSITION AS AT 30 SEPTEMBER 2020

- 1.1 As at 30 September 2020, net cash invested was £40.3m, an increase of £6.3m on the position at 31 March 2020 as shown below:

	30-Sep-20 £m	31-Mar-20 £m	31-Mar-19 £m
Total borrowing	283.1	243.1	213.0
Total cash invested	(242.8)	(209.1)	(326.0)
Net cash invested	40.3	34.0	(113.0)

Investments

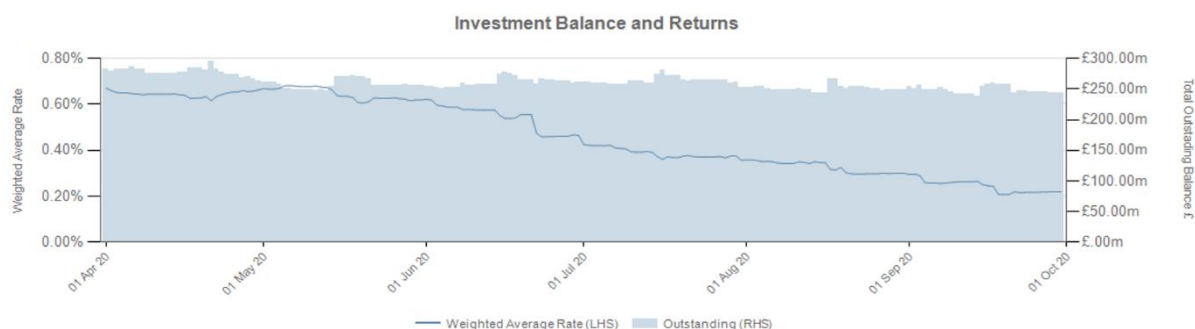
- 1.2 The Council's Annual Investment Strategy, which forms part of the annual Treasury Management Strategy Statement (TMSS) for 2020/21, was approved by the Council on 26 February 2020. The Council's policy objective is the prudent investment of cash balances to achieve optimum returns on investments, subject to maintaining adequate security of capital and a level of liquidity appropriate to the Council's projected need for funds over time.
- 1.3 The table below provides a breakdown of investments at 30 September 2020,

	30-Sep-20 £m	31-Mar-20 £m	31-Mar-19 £m
Money Market Funds	185.8	47.1	58.0
Call Accounts	25.0	25.0	0.0
Notice Accounts	0.0	0.0	56.0
Term Deposits	32.0	137.0	212.0
Bonds	0.0	0.0	0.0
Enhanced Cash Funds	0.0	0.0	0.0
Total cash invested	242.8	209.1	326.0

together with comparisons for the previous two financial year ends.

- 1.4 Liquidity is managed using Money Market Funds (MMFs), providing same day liquidity. The average level of funds available for investment in the first six months of 2020/21 was £263.3m. The Council has chosen to increase the allocation in MMFs during the year to ensure liquidity throughout the COVID-19 pandemic and as a response to the reduced interest rates achievable from term deposits. This is reflective of the wider market where interest rates on investments and borrowings have fallen in the first half of 2020/21 due to the pandemic. 1.5 Monthly investment balances have varied from a high of £278.3m in April 2020 to a low of £248.2m in September 2020 as shown on the shaded area in the chart below. Average returns have decreased from

0.70% in April 2020 to 0.20% in September 2020 as shown by the solid line in the following chart.



1.6 All investments complied with the Annual Investment Strategy.

1.7 Appendix 1 provides a full list of the Council's investment limits and exposures as at 30 September 2020.

2. Borrowing

2.1 At 30 September 2020, the Council's long-term borrowing amounted to £283.1m and was well within the Prudential Indicator for external borrowing, namely that borrowing should not exceed the Capital Financing Requirement¹ (CFR) for 2020/21 of £389.5m².

2.2 Currently, the Council is internally borrowed by £106.4m as a result of the internal cash resources to fund capital expenditure.

2.3 The TMSS 2020/21 stated that the Council's main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Given the Council's resources available for internal borrowing are expected to reduce as capital spending intensifies, the Council needs to maintain flexibility to borrow at opportune moments in line with the Prudential Indicators.

2.4 The table below shows the Council's external borrowing as at 30 September

External borrowing	30-Sep-20		31-Mar-20	
	Balance	Rate	Balance	Rate
	£m	%	£m	%
General Fund	54.7	3.7	54.7	3.7
HRA	228.4	3.8	188.4	4.3
Total borrowing	283.1	3.8	243.1	4.0

2020 split between the General Fund and HRA.

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

² CFR figure based on Capital Programme Monitor & Budget Variations Q2 2019/20 Report

- 2.5 Two £20.0m HRA loans were taken out in the first half of 2020/21. The loans were taken out at interest rates of 1.26% and 1.25%, driving the average interest rate down by 0.2% from 31 March 2020.

3. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

- 3.1 During the six months of the financial year to 30 September 2020, the Council operated within the Treasury Limits and Prudential Indicators set out in the TMSS and Budget approved by Council on 26 February 2020 as set out below.

PI ref	Indicator	2020/21 indicator	2020/21 forecast	Indicator met?
1	Capital Expenditure	£103.0m	£100.6m	Met
2	Capital Financing Requirement (CFR)	£402.0m	£389.5m	Met
3	Net debt vs CFR	£95.0m under-borrowing	£106.4m under-borrowing	Met
4	Ratio of financing costs to revenue stream	GF 1.8%	GF (0.9%)	Met
		HRA 28.9%	HRA 6.1%	
5a	Authorised limit for external debt	£400.0m	£283.1m	Met
5b	Operational debt boundary	£340.0m	£283.1m	Met
6	Working capital balance	£0.0m	£0.0m	Met
8c	Limit on surplus funds invested for more than 364 days (i.e. non-specified investments)	£120.0m	£0.0m	Met
9	Maturity structure of borrowing	Upper limit under 12 months - 15.0%	Upper limit under 12 months - 3.0%	Met
		Lower limit 10 years and above - 100.0%	Lower limit 10 years and above - 78.8%	Met
		Upper limit for variable interest rate borrowing - 0.0%	Upper limit for variable interest rate borrowing - 0.0%	Met

Capital expenditure and borrowing limits

- 3.2 Capital expenditure is forecast to be £100.6m for 2020/21.
- 3.3 External borrowing was well within the Capital Financing Requirement, Authorised Borrowing Limit and the Operational Boundary as shown in the table above:

- The Authorised Limit is a level for which the external borrowing cannot be exceeded without reporting back to Full Council. It therefore provides sufficient headroom such that in the event that the planned capital programme required new borrowing to be raised over the medium term, if interest rates were deemed favourable and a thorough risk analysis determined, the cost of carry was appropriate, this borrowing could be raised ahead of when the spend took place.
- The Operational Boundary is set at a lower level and should take account of the most likely level of external borrowing. Operationally, in accordance with CIPFA best practice for Treasury Risk Management, a liability benchmark is used to determine the point at which any new external borrowing should take place.

3.4 The purpose of the maturity structure of borrowing indicator is to highlight any potential refinancing risk that the Council may be facing if, in any one particular period, there is a disproportionate level of loans maturing. The table below shows that the maturity structure of the Council's borrowing as at 30 September 2020 is within the limits set and does not highlight any significant issues.

Maturity structure of borrowing	Upper Limit (%)	Lower Limit (%)	Actual as at 30 September 2020 (%)
Under 12 months	15.0	0.0	4.0
12 months and within 24 months	15.0	0.0	0.0
24 months and within 5 years	60.0	0.0	7.1
5 years and within 10 years	75.0	0.0	7.6
10 years and above	100.0	0.0	81.4

3.5 The purpose of the interest rate exposure indicators is to demonstrate the extent of exposure to the Council from any adverse movements in interest rates. The table at paragraph 3.1 shows that the Council is not subject to any adverse movement in interest rates as it only holds fixed interest borrowing.

3.6 The average rate on the fixed interest borrowing is 3.8% with an average redemption period of 24 years. This reflects the historical legacy of borrowing taken out some years ago which is higher than PWLB interest rates for comparable loans if they were taken out now. Officers have considered loan refinancing but the premia for early redemption are prohibitively high, making this option poor value for money.

Investment limits

3.7 Specified investments are limited to a maximum maturity of less than one year. Non-specified investments have a maturity of one year and over. Currently, all investments are specified.

- 3.8 Whilst the short duration is within approved limits, there is scope within the Investment Strategy to extend the duration of investments for up to five years. Using longer duration investments and possibly marginally lower credit ratings is likely to increase the yield of the investment portfolio.

4. THE ECONOMY AND INTEREST RATES

This report is the mid-year review for 2020/21 and therefore reflect the economic backdrop at 30 September 2020. Any developments since that date will be reflected in the treasury management outturn report.

- 4.1 As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 16 September 2020. It also kept unchanged the level of quantitative easing at £745.0bn. Its forecasts were optimistic in terms of two areas:
- The fall in GDP in the first half of 2020 was revised from -28.0% to -23.0% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.
 - It forecast that there would be excess demand in the economy by Q3 2022 causing CPI inflation to rise above the 2.0% target in Q3 2022 (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation is still projected to be above 2.0% in 2023.
- 4.2 It also does not see a place for using negative interest rates, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be “less effective as a tool to stimulate the economy” at this time when banks are worried about future loan losses. It also has “other instruments available”, including further application of QE and the use of forward guidance.
- 4.3 The MPC expected the £300.0bn of quantitative easing purchases announced between its March 2020 and June 2020 meetings to continue until the “turn of the year”. This implies that the pace of purchases will slow further to about £4.0bn a week, down from £14.0bn a week at the height of the crisis and £7.0bn more recently.
- 4.4 In conclusion, this would indicate that the Bank could now wait and observe, as the economy was recovering better than expected. However, the MPC acknowledged that the “medium-term projections were a less informative guide than usual” and the minutes had multiple references to downside risks, which were judged to persist both in the short and medium term. The second wave of the virus is now impacting many countries, including Britain. In

addition, uncertainties ahead of the exit from the EU's year-end deadline are likely to be a drag on recovery.

- 4.5 Overall, the pace of recovery is not expected to be in the form of a rapid V-shape, but a more elongated and prolonged one after a sharp recovery in June 2020 through to August 2020 which left the economy 11.7% smaller than in February 2020. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be additional QE.
- 4.6 There will be some painful longer-term adjustments as office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.
- 4.7 One key addition to the Bank's forward guidance is a new phrase in the policy statement, namely, that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2.0% target sustainably". In other words, even if inflation rises to 2.0% in a couple of years' time, we should not expect any action from the MPC to raise the Bank Rate, until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate
- 4.8 The Financial Policy Committee (FPC) report on 6 August 2020 revised down their expected credit losses for the banking sector to "somewhat less than £80.0bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15.0%.

PRUDENTIAL INDICATORS

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

6. Reasons for Decision

- 6.1 This report presents the Council's mid-year Treasury Management Strategy half-year review for 2019/20 in accordance with the Council's Treasury Management Practices. It is a regulatory requirement for this report to be presented to the Council.

- 6.2 The Council has, within its Constitution, nominated the Audit and Pensions Committee to be responsible for the effective scrutiny of the Treasury Management Strategy and policies.
- 6.2 The report notes that the Council has complied with all elements of the Treasury Management Strategy Statement (TMSS).

7. Equality Implications

- 7.1 The report is for noting so there are no equality implications for groups with protected characteristics (under the Equality Act 2010) as a result of this report.
- 7.2 Implications verified by Fawad Bhatti, tel. 07500 103617.

8. Risk Management Implications

- 8.1 Treasury Management contributes to all the Council Values and Delivery of Objectives. Management of treasury risks are commensurate to the risk appetite of the Council. The effective understanding, control and management of the many aspects of risk associated with treasury management are essential to achieving an authority's objectives. Risk management is therefore embedded throughout treasury guidance, policies and practices. In adopting a policy of managing risk, an authority is determining its level of risk acceptance.
- 8.2 Treasury risks present themselves in many forms, from failure to optimise performance by not taking advantage of opportunities, to managing exposure to changing economic circumstances, most recently the situation has been somewhat uncertain due to negotiations over Trade following the UK's departure from the European Union and the impact of Covid-19 on the global economy.
- 8.3 The key challenge is to understand, identify, monitor and manage risks in a planned and effective way. Local authorities are required to report annually to full council on their treasury management strategy (TMS) before the start of the year, which sets the objectives and boundaries for the approach to treasury activity.
- 8.4 The authority supplements this with treasury management practice schedules (TMPs), which set out the practical arrangement to achieve those objectives. The TMPs inform the day-to-day practices applied to manage and control treasury activities. Local authorities are typically financially risk averse and greatly value stability in order to inform council tax and housing rent levels, through to general fund and HRA budgets.
- 8.5 Implications verified by: Michael Sloniowski, Risk Manager, tel. 0208 753 2587.

9. Other Implications

- 9.1 The local economy in H&F is likely to contract between 7 and 13% based on projections from Oxford Economics, the Council's ability to continue with major projects will be crucial to support wider recovery efforts. The capital programme represents significant expenditure within the Borough and, consequently, where supplies are sourced locally, changes in borrowing or investment may impact either positively or negatively on local contractors and sub-contractors. Where capital expenditure increases, or is brought forward, this may have a beneficial impact on local businesses; conversely, where expenditure decreases, or is slipped, there may be an adverse impact on local businesses.
- 9.2 Implications verified/completed by: Kamal Motalib, Economic Development Team, tel. 07739 316 957.

10. Consultation

- 10.1 Consultation took place with the Council's investment advisor, Link Asset Services, in respect of the Economic and Interest Rate update.

List of Appendices:

Appendix 1: Investment Limits and Exposures at 30 September 2020.

Appendix 1

Limits and exposures as at 30 September 2020

Category	Limit per Counterparty (£m)	Duration Limit	Counterparty Name	Current Exposure (£m)
Money Market Funds	£30m per fund. £200m Total	Up to three day notice	GS Sterling Liquid Reserve Institutional Inc	5.8
			BlackRock ICS Institutional Sterling Liquidity Heritage Dis	30.0
			Insight Liquidity Sterling C5	30.0
			Federated Prime Rate Sterling Liquidity 3	30.0
			Morg Stnly Sterling Liquidity Inst	30.0
			Aberdeen Sterling Fund Flexible	30.0
			Income F130 Fund	30.0
			BNP Paribas	30.0
			InstiCash GBP I Dis	30.0
			GBP	
			Total Money Market Fund	185.8
UK Banks (A-/A3/A-)	£50m	3 years	Lloyds Bank	25.0
Total Notice Accounts				25.0
UK Local Authorities	£30m per local authority; £200m in aggregate	3 years	Cheshire West and Chester Council	7.0
			London Borough of Hackney	5.0
			Canterbury City Council	5.0
			Thurrock Borough Council	15.0
Total Term Deposits				32.0
Total cash invested				242.8

The following Local Authorities repaid loans made to them by H&F since 30 September 2020 in line with their repayment dates:

Counterparty	Repayment date	Amount (£m)
Canterbury City Council	13/10/2020	5.0
London Borough of Hackney	16/10/2020	5.0
Thurrock Borough Council	13/11/2020	15.0
Total repaid		25

Limits and exposures as at 21 December 2020

Category	Limit per Counterparty (£m)	Duration Limit	Counterparty Name	Current Exposure (£m)			
Money Market Funds	£30m per fund. £200m Total	Up to three day notice	GS Sterling Liquid Reserve	1.0			
			Institutional Inc BlackRock ICS Institutional Sterling Liquidity Heritage Dis	30.0			
			Insight Liquidity Sterling C5	30.0			
			Federated Prime Rate Sterling Liquidity 3	30.0			
			Morg Stnly Sterling Liquidity Inst	30.0			
			Aberdeen Sterling Fund Flexible	30.0			
			Income F130 Fund BNP Paribas	30.0			
			InstiCash GBP I Dis GBP				
			Total Money Market Fund			181.0	
			Fixed Deposit	Unlimited	6 months	DMO	79.0
			Fixed Deposit	£50m	3 Years	Lloyds Bank	15.0
			Total Fixed Deposit			94.0	
UK Banks (A-/A3/A-)	£50m	3 years	Lloyds Bank	25.0			
Total Notice Accounts			25.0				
UK Local Authorities	£30m per local authority; £200m in aggregate	3 years	Cheshire West and Chester Council	7.0			
			Cornwall Council	10.0			
Total Term Deposits			17.0				
Total cash invested			317.0				

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 01/02/2021

Subject: The Housing Revenue Account (HRA) 2021/22 Budget And Rent Increase

Report of: Councillor Lisa Homan - Cabinet Member for Housing,
Cllr Max Schmid - Cabinet member for Finance and Commercial Services

Responsible Director: Tony Clements - Strategic Director for Economy
Emily Hill, Director of Finance

Summary

This report sets out proposals for the Housing Revenue Account (HRA) budget for the financial year 2021/22 including changes to rent levels and other charges. The report also explains the financial pressures and risks facing the HRA and sets out the proposed savings plan.

Recommendations

That Cabinet agrees:

1. To approve the Housing Revenue Account 2021/22 budget for Council homes as set out in Table 1.
2. To approve plans to deliver on-going annual revenue savings of £3.8million per annum from 2021/22 rising to £5.7million per annum from 2024/25 (see Appendix 1).
3. To approve a rent increase of 1.5% (based on the Consumer Prices Index (CPI) at September 2020 plus 1% in line with government policy) from 5 April 2021 which equates to an average weekly increase for tenants of £1.64 in 2021/22.
4. To approve an increase to shared ownership rents of 1.5% (based on the CPI at September 2020 plus 1% in line with government policy) from 5 April 2021.
5. To approve an increase to tenant service charges of 0.5% (based on the Consumer Prices Index (CPI) at September 2020) from 5 April 2021 which equates to an average weekly increase for tenants of £0.04 in 2021/22.

6. To approve an increase to the management fee for temporary on licence properties of CPI (0.5% as at September 2020) from 5 April 2021.
7. To delegate authority to the Strategic Director for Economy in consultation with the Cabinet Member for Housing to agree the average increase in water charges for homes supplied by a bulk meter.
8. To increase garage charges for council tenants, resident leaseholders and for other customers from April 2021 by 1.5% and to uplift all the 200 accounts that are paying historic prices for their garage rents despite either living in a private property or having left the borough to be in line with standard charges.
9. To note that any change to parking charges on housing estates will be considered in a separate report on the Council's parking plans.
10. To increase car space rental charges for all customers by 2.2% from April 2021.
11. To approve an increase in the Leasehold After Sale – Home Buy Fees from £160 to £200.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The HRA budget is aligned with the HRA long term financial plan which provides for a significant step change in the Council's ambitions of delivering more genuinely affordable homes on HRA land. This will be through an increased level of borrowing, capital receipts and government grants to invest over the long term in the delivery of new homes either directly or in partnership.
Creating a compassionate council	The HRA budget is aligned with the HRA long term financial plan which allows for the ongoing investment in services which directly support residents in living healthy and independent lives. In particular, the provision for aids and adaptations to tenanted accommodation.
Doing things with local residents, not to them	The HRA budget is aligned with the HRA long term financial plan which will enable the continued investment in resident engagement and involvement. The resident involvement strategy sets out the approach which will be adopted.

	<p>The plan allows for more investment in resident liaison with regards to the delivery of capital works. This will ensure that residents are involved and informed about the works which will be taking place.</p>
Being ruthlessly financially efficient	<p>The HRA budget includes investing in the long-term repairs delivery model and the reform of services to better deliver for residents whilst also delivering ongoing annual revenue savings of £3.8million per annum from 2021/22 rising to £5.7million per annum from 2024/25, thereby ensuring the financial sustainability of the HRA for the long term. The delivery of a significant number of new homes will also contribute to the future financial sustainability of the HRA and replace those lost through the Right To Buy.</p>
Taking pride in H&F	<p>The main emphasis of the approved capital programme is fire safety compliance. However, some of the works will deliver wider estate improvements, in particular the communal works undertaken by the Direct Labour Organisation – H&F Maintenance. There will also be ongoing investment in caretaking and other estate services which will be focussed on improving the quality of council estates. New homes will be built to the latest compliant standards, ensuring cost-efficient, safe and secure homes for our tenants and residents for the long term.</p>
Rising to the challenge of the climate and ecological emergency	<p>A strategy, in conjunction with other areas of the Council, is being formulated that outlines a path to zero carbon emissions. Housing accounts for around 40% of CO2 emissions, primarily from its gas heating systems. Substantial investment is required to target big emitters such as the White City estate. Proposals are being put forward to insulate high emitting estates, and convert gas boilers, where possible, to carbon neutral sources. £6 million has already been allocated to roll out LED across estates reducing carbon</p>

	emissions by 50%. Applications for funding are in train for a number of whole household conversion and other grants are being considered.
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Financial Impact

The report is predominantly of a financial nature and therefore the impact is contained within the body of the report.

Legal Implications

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

The HRA ring-fence was introduced in Part IV of the Local Government and Housing Act 1989 ("the Act") and was designed to ensure that rents paid by local authority tenants accurately reflect the cost of associated services. The Act specifies that expenditure and income relating to property listed in section 74 (that is houses and buildings provided for the provision of accommodation including the land on which they sit, excluding leases taken out for less than 10 years to provide temporary accommodation) must be accounted for in the HRA. Schedule 4 of the Act (as amended by section 127 of the Leasehold Reform, Housing and Urban Development Act 1993) specifies the allowable debits and credits. The Housing (Welfare Services) Order 1994 specifies more detail on the welfare services which must be accounted for outside the HRA. The Act also specified that it is unlawful to approve a budget which will result in a debit position on HRA reserves. It is not possible for a local housing authority to subsidise rents from its General Fund.

Section 24 of the Housing Act gives the Council power to set rents but Section (5) requires that the Council must have regard to relevant standards which are set for them under section 193 of the Housing and Regeneration Act 2008 (HRA 2008). Section 193 of the HRA 2008 allows the regulator of social housing to fix standards which social landlords must abide by. On 25th February 2019 the Government issued a directive which requires the regulator of social housing to set a new rent standard which applies to all local authority social landlords with effect from 1st April 2020.

The rent increases recommended in the report comply with the rent standard.

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Verified by: Emily Hill, Director of Finance

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Background Papers Used in Preparing This Report

The Housing Revenue Account (HRA) 2021/22 Budget and Rent Increase, Economy, Housing & The Arts Public Accountability Committee, 25th January 2021 - *Published*

Background

1. The Housing Revenue Account (HRA) contains solely the costs arising from the management and maintenance of the Council's housing stock, funded by income from tenant rents and service charges, leaseholder service charges, commercial property rents and other housing-related activities. It is a ring-fenced account and is required under statute to account separately for local authority housing provision.

Financial planning cycle

2. Until recently, the HRA budget setting and long-term financial planning processes have been run concurrently. It is now planned to carry out the review of the long-term financial business plan and report this to Cabinet mid-year; the budget report will then follow in February allowing the mid-year review to inform the budget process for the following year. Accordingly, following a refresh of the 2020/21 business plan in recent months, this report is in line with this new approach.

Emerging pressures and opportunities

3. In February last year, Cabinet approved a four-year plan to deliver £4m of annual savings from the HRA by 2023/24. These savings were needed to provide funding for the Council's ambitious plans to improve repairs, ensure homes remain safe and to fund the development of new homes. However, during 2020/21, a series of additional new pressures emerged including:
 - **Lower than expected rent increase:** Under the Government's rent standard, annual tenant rent increases are determined by Consumer Price Inflation (CPI) in the September prior to the year of the rent increase. The Council had modelled a higher rate of CPI (2.0%) than the eventual figure which was very low at 0.5%. This means that the income available for the HRA is lower than expected in the financial business plan.
 - **Increased spending on repairs:** Following the successful procurement of new contractors, the revenue costs of the long-term repairs model which provides better services for residents and health and safety compliance will

be £2.6m greater than under the interim repairs model, which itself was greater than under the previous contract.

- **Community alarms:** A review of how the costs of the community alarm service are shared between the HRA and the General Fund has resulted in an increase in the HRA share of costs of £0.4m.
 - **The Coronavirus pandemic** has resulted in an increase in rent arrears, reduced income forecasts for commercial income and additional costs including enhanced cleaning of sheltered housing blocks. Although the bad debt provision budget provides a cushion to absorb some of the effects, a loss to the HRA of c£0.4m is expected in 2020/21 and there is a risk that there will be an adverse financial impact in 2021/22.
 - **A programme of stock condition surveys** (£0.9m in 2021/22) has been established to inform the detailed investment plans required to deliver the Council's commitment to achieve a compliance-based asset management approach to the Council's homes.
 - **Corporate service level agreement recharges:** Despite a reduction in the HRA budgeted staffing establishment from 472 (2020/21) to 449 (2021/22), there will still be an increase in the cost of corporate recharges (£0.3m). This is due mainly to increases in the costs associated with the delivery of corporate services including civic campus property rents, the managed services contract with IBC and Business Intelligence.
 - **Depreciation charges** for housing properties for 2021/22 will be confirmed following the valuation of the Council's housing stock as at 31st March 2021. The budgeted charge for 2021/22 is set at £16.0m, an increase of £0.8m from the 2020/21 budgeted charge. There is a risk that the depreciation charge in the HRA could increase above the revised budget level as a result of changes in property market values, restricting flexibility over use of funds, and this is included in the risks schedule in Appendix 2.
 - **Borrowing for housing provision and investment in health and safety:** The removal of the HRA borrowing cap in 2019 handed the Council an opportunity to make a significant capital investment in much needed new housing provision in the borough and to ensure that the asset management strategy is adequately funded to enable the delivery of a compliance-based approach to the Council's homes. As the additional borrowing of £60m since March 2020 was at very low interest rates, this has resulted in a reduction in budgeted debt servicing costs of £0.5m to £8.9m.
4. Given the significance of the emerging pressures and the borrowing opportunity outlined above, the HRA 40-year financial business plan was reviewed to understand the impact of these additional cost pressures and constraints on income on the short and long term financial sustainability of the HRA.
 5. The revised financial business plan indicates the savings requirement has increased from £4.0m to £5.7m of annual savings by 2024/25. These are set out in Appendix 1.

Rent increases

6. Rents for existing tenants will increase by up to CPI (0.5% as at September 2020) plus 1% in line with the maximum rent increase permitted under the

Government's rent standard. This increase is also in line with the plans of the majority of other London housing authorities. Of the 11,816 current tenancies, the rent increases for 4,491 of these will be covered by housing benefit and universal credit.

7. The average rent for our Council Homes of £109.07 per week remains lower than the average rent of other central London boroughs (see Appendix 3 for a comparison). This constrains the funding available from rental income to invest in current stock, new housing and service provision and has contributed to the need for the short-term savings requirement.

Other charges

8. Tenant service charges will increase by CPI (0.5% as at September 2020) as most of our contract costs increase each year in line with this price index.
9. The changes to charges for communal heating schemes, garage and parking space rents, water and sewerage charges, home buy and income from advertising hoardings and commercial properties are set out in Appendix 4.

Budget overview

10. The proposed budget for 2021/22 is shown in Table 1 below:

Housing Revenue Account	2020/21 Budget	2020/21 Forecast	2021/22 Budget	Change in Budget between years
	£000s	£000s	£000s	£000s
Net Rental & Tenant Service Charge Income	(70,595)	(71,255)	(71,944)	(1,349)
Other Income	(8,471)	(8,119)	(8,320)	151
Total Income	(79,065)	(79,374)	(80,264)	(1,199)
Management costs	44,241	41,563	45,200	959
Repairs & Maintenance costs	17,568	20,350	20,243	2,675
Savings Programme	0	0	(3,770)	(3,770)
Depreciation	15,402	15,852	16,216	814
Net Interest charges	9,778	8,585	9,542	(237)
Total Expenditure	86,989	86,350	87,431	441
(Contribution to) / Withdrawal from HRA General Reserve	7,924	6,976	7,167	(757)
Cash saved from Savings Programme	0	0	(3,770)	(3,770)
Opening Balance on HRA General Reserves	(24,581)	(24,581)	(17,605)	
(Contribution to) / Withdrawal from HRA General Reserve	7,924	6,976	7,167	(757)
Closing Balance on HRA General Reserve	(16,657)	(17,605)	(10,438)	(757)

The financial strategy

11. The strategic financial objectives for the HRA are as follows:

- to enable the financing of a viable on-going repairs programme that focusses on ensuring that all health and safety requirements are met and on maintaining the basic fabric of the Council's homes. The repairs programme will be prioritised to provide safe and weather-proof homes.
- to fund this by undertaking a programme of prudential borrowing whilst financing both the annual interest of new and existing debt and repayments of the principal debt on maturity (£159.0m as at 1st April 2021);
- to be ruthlessly financially efficient, continue to seek opportunities to raise additional income and to find further efficiencies which do not impact on service delivery;
- to create a platform from which a significant number of new homes can be built in the HRA, providing much needed affordable housing in the borough, from the optimisation of capital funding sources, including capital receipts, grants, partnership contributions and borrowing;
- to endeavour to free resources for investment in new initiatives whilst improving service standards;
- to maintain a minimum balance for the HRA General Reserve of £4m to manage risk and uncertainty. The savings plan included within this document is necessary to prevent the balance from dropping below this critical level in 2022/23.

Reserves

12. Two types of reserves are held within the HRA: **general reserves** and **earmarked reserves**.

13. **HRA general reserves** should provide sufficient cover against unanticipated events. The risks facing the HRA must be viewed in conjunction with the level of HRA general reserves held. A prudent level of reserves is important to support long term investment planning in the context of a property portfolio of 17,000 properties with an existing use value of £1.3 billion.

14. The HRA general reserve is currently forecast to reduce to £17.6m by 31st March 2021 (based on the Corporate Revenue Monitor for month 6 approved at Cabinet on 6 January 2021). The current balance in the general reserve will provide the HRA with an adequate financial cushion to absorb the revenue pressures expected to impact over the medium-term. This includes the budgeted drawdown from the general reserve in 2021/22 which is expected to be £7.1m and which will reduce the balance to £10.5m.

15. This is equivalent to 9 weeks rent from the Council's homes. Appendix 5 shows how the Council's reserve levels relative to turnover compare to those of other local housing authorities. Direct comparison is difficult however, as councils will have different approaches to risk.

16. **HRA earmarked reserves** are funds set aside to cover specific future plans that are not covered by normal budgets (such as one-off funding for major projects

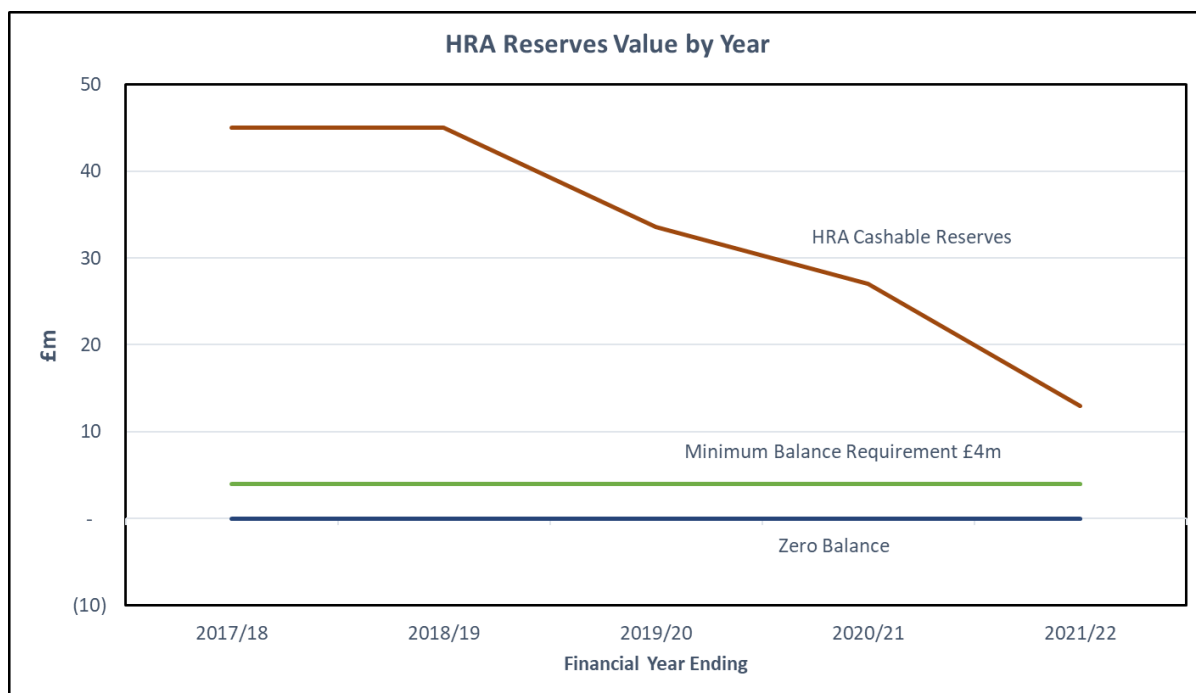
such as the long-term repairs model) and risks that are considered highly likely to happen (such as revenue costs relating to affordable housing and regeneration projects).

17. HRA cashable earmarked reserves are expected to be £8.4m as at 31st March 2021. These include funds set aside for the risk relating to overpaid water charges (see paragraph 22 below) (£6.0m) and for abortive and other write-off costs associated with the Council's affordable housing and regeneration plans (£1.7m).

18. The table below sets out the reserves available next year:

Reserves	Expected balance as at 1 April 2021	Commitments 21/22	Expected balance as at 31 March 2022
	£000s	£000s	£000s
Regeneration reserve	(1,696)	-	(1,696)
Utilities reserve	(6,000)	6,000	-
Other cashable reserves	(682)	539	(143)
Cashable earmarked reserves	(8,378)	6,539	(1,839)
General reserve	(17,605)	7,187	(10,418)
All cashable reserves	(25,983)	13,726	(12,257)

19. Although Appendix 5 demonstrates that the ratio of the Council's projected cashable reserves relative to turnover at 31 March 2021 of 33% is in line with the local housing authority average of 32%, there is a need for significant savings now given that cashable reserves are expected to reduce to £12.4m by 31 March 2022 (only 16% of turnover) and that the current requirement for a contribution from reserves to balance the budget will exhaust reserves without management action to deliver savings.
20. The graph below shows the recent trend in annual budget deficits has led to a depletion of reserves and without the urgent action recommended in this report, there is a significant risk of a debit balance on reserves. The Local Government and Housing Act 1989 states that it is unlawful to approve a budget which will result in a debit position on HRA reserves.



Risks

21. Following a decision by the Court of Appeal in October 2020, the Council has been advised that eligible tenants are entitled to refunds of overpaid water charges. A reserve has already been established to manage this cost but there is a risk that costs could exceed the amounts held in reserve. The Council is currently considering its position to determine the total cost and ensure that tenants are refunded correctly.
22. The Government's programme of Welfare Reform continues to represent a risk to the Council's ability to collect rental income and may result in increased bad debt charges to the HRA. All new benefit claims are subject to Universal Credit and all existing claims are currently subject to a migration process to Universal Credit that is anticipated to be completed by December 2023. There is a risk that the migration of tenants to Universal Credit moves at a faster pace than expected. This risk is compounded by the impact of the Coronavirus pandemic which has resulted in an increase in arrears during the year to date. The increase in bad debt provision for rents has been budgeted for 2021/22 at £1.2m. In light of previous underspends, this budget has been reduced from £2.2m in 2019/20.
23. Whilst the full cost implications of implementing the Council's compliance-based asset management strategy are still being determined (stock condition surveys are being completed over the next few years), there is a risk that costs in excess of those in the proposed budget for 2021/22 and in the longer term plan are identified.
24. In addition to these risks above, there are several other financial risks and these are set out in detail in Appendix 2.

Reasons for decision

Section 76 (1)-(4) of the Local Government & Housing Act 1989 requires local authorities to set a budget for their HRA on an annual basis using the best assumptions available. The Act also specifies that it is unlawful to approve a budget which will result in a debit position on the HRA general reserves.

Equality Implications

The Equalities Impact Assessment (EIA) shows that the rent increase is not anticipated to have any direct negative impact on groups with protected characteristics. The appended EIA outlines the potential adverse impact and officers are confident that support measures in place will provide mitigation to any potential negative impact encountered by our tenants.

Implications verified by: Fawad Bhatti, tel. 07500 103617

Risk Management Implications

The principal risks are detailed in paragraphs 21 - 23 of this report and in appendix 2. These are included in the departmental risk register.

Implications completed by: Michael Sloniowski, Risk Manager, tel. 020-8753-2587

Consultation

Tenants and residents were consulted on the plans at the Economy, Housing and the Arts Policy & Accountability Committee on 25 January 2021 to allow the consideration of comments on the implications in advance of any formal decision being taken by Cabinet on 1 February 2021.

List of Appendices:

Appendix 1 Four Year Savings Plan

Appendix 2 Key Risks

Appendix 3 Local Housing Authorities Weekly Rents

Appendix 4 Fees, Charges & Other Income

Appendix 5 General Reserves as a % of Turnover

Housing Revenue Account: Four-year savings plan 2021/22 – 2024/25

Division	Saving	Budget Change Cumulative (£000s)			
		2021-22	2022-23	2023-24	2024-25
Direct Delivery	Review of senior management and business support	219	219	219	219
Operations	Review of Operations staffing	72	72	72	72
Property & Compliance	Reorganisation of the Property & Compliance team*	204	204	250	482
Voids & Repairs	Reorganisation of the Repairs Client team	149	146	146	146
Housing Services	Review of senior management	131	131	131	131
Housing Services	Deletion of existing vacant posts	214	214	214	214
Housing Services	Consolidation of workforce, wider Housing Services review and reduction in agency staff	1,000	1,000	1,000	1,000
Housing Services	Reduction in consultancy staff	135	135	135	135
Housing Services	Reconfiguration of Concierge Service (Manifesto commitment)	-	-	330	330
Housing Services	Review of Hostels repairs and utilities budgets	50	50	50	50
Housing Services	Review of downsizing incentive payments budget	50	50	50	50
Housing Services	Review of legal, compensation & technical fees budgets	100	100	100	100
Finance	Reduction in corporate SLA recharges	-	300	300	300
Finance	Improved income collection through procurement of arrears reporting service	450	450	550	550
Finance	Other savings as yet to be confirmed - an update will be provided to Cabinet via the Corporate Revenue Monitor in the coming months	273	546	819	1,092
Finance	Reorganisation of the Finance team	100	100	100	100
Finance	Refund of Thames Water charges	120	-	-	-
Finance	Reduction in borrowing costs	503	503	600	700
All Savings		3,770	4,220	5,066	5,671
*The Property & Compliance saving of £204,000 has already been achieved during 2020/21.					

Housing Revenue Account: Key Risks 2021/22		Lower Limit £000s	Upper Limit £000s
Quantifiable Risks			
<p>Welfare reform - the budgeted bad debt provision provides some protection against the impact on rent collection rates as a result of the Government's Welfare Reform programme. However, there remains some risk.</p> <p>Given that the households involved are on very low income levels it is likely that any increase in arrears would be uncollectable and the annual exposure is estimated in the region of between £3.0m and £5.9m for 2021/22, assuming mitigating actions are in place. The Council continues to promote payment by direct debit to tenants and as a "trusted partner", the Council can apply directly to the DWP for "alternative payment arrangements" (APAs) for individual tenants before they fall into significant arrears. The APA means that benefits for housing costs can be paid directly to the Council.</p>		3,000	5,900
<p>Right to Buy (RTB) disposals - a level of Right to Buy disposals (16 per annum from 2021/22 onwards) has been assumed within the business plan. There is a risk that unbudgeted levels beyond the Council's control could impact on the net income due to the HRA. The upper limit set out here assumes that the level of applications currently projected (137) all progress to RTB sales.</p>		0	750
Total Quantifiable Risks		3,000	6,650

Key Risks 2021/22

Unquantifiable Risks

Coronavirus – Although it is now expected that an effective vaccination programme will be quickly implemented, there remains a risk of increases in residential and commercial rent arrears and voids losses due to the resulting economic downturn and the potential impact of Brexit. The Council could also see additional costs such as claims from repairs and maintenance contractors, extended preliminaries, storage and inflated material costs. The Government has not provided funding for income losses and additional costs relating to the HRA.

Housing repairs – unpredicted events may result in some additional expenditure (for example, following new health and safety directives, legislation, potential insurance claims from storm damage) on housing repairs. The HRA general reserves provide a financial provision that mitigate against this risk.

The **Building Safety Act and Fire Safety Act** will require H&F, as landlord, to resource significant additional investment, both revenue and capital, to achieve compliance. Revenue costs will include the legal requirement to designate Building Safety Managers to its 68 higher risk buildings (3,500+ households) and undertake additional prescribed maintenance and inspection of its 17,000 fire doors on a quarterly/six monthly cycle. Its 68 higher risk buildings will need continued capital investment in fire and structural safety to fulfil the requirements of the Building Safety Regulator and prescribed Building Assurance Certificate.

Risk to recruitment – given the shortage of appropriately qualified technical staff available on the market required to develop, scope, specify and procure fire safety plus capital works due to high demand in a post-Grenfell environment, there is a risk that the delivery of the Council's compliance-based asset management strategy may be significantly delayed and at an increased cost.

Continuation of social housing rent reductions beyond 2025 – The long-term financial business plan assumes that rents will increase by CPI+1% for each of the next four years, followed by increases of CPI+0.5% for the term of the 40-year plan. If future social rent policy deviates from this expectation in the coming years, this could lead to a requirement to reduce costs further although it is also possible that Government may permit higher rent increases which would enable additional investment in the management and maintenance of the Council's homes.

Market risk on re-procurement and recruitment – there is a risk especially under better economic conditions that it will become harder to re-procure contracts or recruit staff at the predicted rates. This risk is mitigated by the long term repairs contract procurement and the current economic environment has reduced the pressure on labour market costs.

Key Risks 2021/22

Other changes in central Government policy towards social housing

Additional fire safety costs – fire safety improvements to the housing stock above and beyond the current plans (which are already above legal minimum standards) may be required as stock condition surveys and investigations reveal the full cost of implementing the Hackitt recommendations.

Brexit and the state of the UK economy – this includes the impact on the housing sector on costs of a weakening currency, loss of grants funding opportunities, potential inflationary pressures on contracts and an increase in tenant rent arrears.

Depreciation – a risk that the depreciation charge could change as a result of changes in housing stock valuations or from changes in the regulations governing HRA assets. While any increase in the depreciation charge would provide more ring-fenced funding for the capital programme, it would result in lower revenue reserves. Revenue reserves can be used to cover revenue or capital risks so any movement in funds from revenue to capital restricts flexibility.

Asbestos management – as fire safety works are undertaken, asbestos will be encountered and require removal. The costs are unknown as its presence in many circumstances is unforeseeable.

Additional compliance costs and other repairs risks such as uninsured events

Aging housing and asset stock condition maintenance – the aging housing stock requires significant investment to maintain structural safety and upgrade assets including communal boilers, lifts etc to meet current standards and ensure the future safety of residents. Historic construction methods reveal deficiencies such as structural weaknesses (current building regulations address these weaknesses for new build), which significant numbers of our buildings exhibit. Immediate risks can be addressed but investment is required to halt deterioration to ensure the longevity of the stock. This has been addressed via the Asset Management Strategy but there is a risk that the investment required will exceed the approved resources.

Medium Term Financial Strategy – there is a risk to future savings expected to be delivered in accordance with the HRA four-year savings plan.

Appendix 3		
Neighbouring London Local Housing Authorities		
Weekly Rents: 2020/21		
Local Housing Authority	Weekly Rent 2020/21	Weekly Rent 2019/20
Neighbouring Authorities		
Ealing	£98.90	£96.30
Hammersmith & Fulham	£109.07	£106.17
Brent	£115.08	£112.06
Kensington & Chelsea	£123.00	£120.00
Westminster	£124.34	£121.07
Wandsworth	£126.20	£123.75
Average for Neighbouring Authorities	£116.10	£113.23
H&F are below the average rent (£) by:	£7.03	£7.05
H&F are below the average rent (%) by:	6.1%	6.2%

Fees, Charges & Other Income

Heating charges

Tenants and leaseholders who receive communal heating (around 1,811 properties) pay a weekly charge towards the energy costs of the scheme. The Council meets the costs of heating in the year, and recharges tenants and leaseholders based on an estimated cost and usage.

The Council is part of the LASER energy procurement group, which purchases energy on behalf of 48 local authorities. A system of flexible procurement is used which should ensure that LASER tenders for new energy contracts on a rolling basis, so that it can purchase when rates are low.

An estimate has been prepared in consultation with the Council's utilities management function of the new contract rate the Council can expect to achieve. Based on this estimate, combined with the need to balance the heating account for the year, no increase in charges is proposed for 2021/22.

Garage rents

There are 1,200 garages in H&F of which 896 occupied units are rented by license holders.

H&F standard sized garages are currently charged at the Cabinet approved weekly prices of £24.10 for Council tenants and leaseholders, £45.56 for private residents of the borough and £65.11 for non-borough residents. The smaller motorcycle garages are charged at a fixed rate of £18.08 per week.

Currently blue badge holders and pensioners are offered discounts at 25% and 10% respectively.

The current garage pricing is competitive with other local authorities and a garage refurbishment programme is enabling voids to become viable again for lettings. H&F's garage lettings strategy varies from many other local authorities in that residents both within and out of the borough can rent garages and licensees can use garages for either vehicles or general storage.

It is proposed to increase garage charges for council tenants, resident leaseholders and for other customers from April 2021 by 1.5%. This is in line with CPI (as at September 2020) of 0.5% plus a further 1% uplift to move towards recovering the cost of improvements made under the garage refurbishment programme. In addition, it is planned to uplift all the 200 accounts that are paying historic prices for their garage rents despite either living in a private property or having left the borough to be in line with the actual current charges.

Parking permits

Permit parking in H&F is in place on estates that have traffic orders. There are 2,800 parking bays across 36 traffic order sites and 2,300 permit holders. Blue badge holders and motorcycle users have access to the bays but are not required to buy a permit.

All estate parking zones use the same rulings and enforcement as on-street parking. On that basis the prices for estate permits are the same as the on-street equivalent and estate residents have option to purchase both permits for the same vehicle.

Currently H&F parking permits are charged at £71 for 6 months or £119 for 12 months for the first vehicle. Second vehicles are charged at £260 for 6 months and £497 for a year. There are concessionary rates of £60 for 12 months for first vehicles that have <100g per km of CO² emissions and free permits for fully electric vehicles.

It is proposed that charges for parking permits on estates are maintained in line with the Council's plans for parking permits in general. On this basis, this is expected to result in a 50% diesel surcharge on parking permits mirroring the pricing charges made to on-street parking onto our estates from April 2021.

Car space rentals

Residents can rent an allocated parking space on the non-traffic order sites which gives them exclusive access to that bay during their license. This is open both to Council tenants/leaseholders and private residents/companies in the borough. There are 290 car spaces for rent on estates in H&F of which 160 are occupied.

The current charges range for Council tenants and leaseholders per week from £2.79 for uncovered bays to £3.15 for covered bays. Private residents can rent a space on one of the commercial sites for £28.44 per week. There are no concessionary rates in effect currently for car space rentals. These are the same prices since April 2019 as car space charges were not included in April 2020's increase.

It is proposed to implement a general 2.2% increase in car space charges from April 2021. This includes the 1.7% (CPI as at September 2019) increase that was not added this current year and the inflation rate of 0.5% (CPI as at September 2020).

Water charges

The Council collects income from tenants of communally (bulk) metered homes on behalf of Thames Water.

The annual review of charges involves comparing the amount paid to the Council by tenants for water and sewerage during the previous financial year with the amount the Council paid to Thames Water. For communally metered homes this involves working closely with Thames Water to ensure that the charges are in line with the actual water used.

The increase advised by Thames Water for 2021/22 will need to be overlaid on top of the adjusted charges. It is expected that Thames Water will confirm the agreed

changes to water and sewerage service charges for 2021/22 in January 2021. It is therefore proposed that any change to the water charges be agreed following Thames Water's confirmation in January 2021 and it is recommended that, as in previous years, authority be delegated to the Strategic Director for Economy to approve the increase in water charges. This will ensure that the Council fulfils its legal obligation to recover the water charges.

The Council no longer bills tenants and leaseholders on a rateable value supply since April 2020 but will continue to bill for those tenants and leaseholders on a bulk metered supply. Thames Water bills tenants and leaseholders on a rateable value supply directly for water and sewerage.

Leasehold after sale – Home Buy fees

In order to move towards recovering the costs of service provision, it is planned to increase the fee from £155 to £200.

Advertising income

The annual budget for income generated from advertising hoardings located on housing land has been increased by £18,000 to £420,000. This follows a commercial review of all sites based on current market conditions.

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

Rents on shops

The budget for commercial property rents for 2021/22 has been reduced by £62,000 to £1.485m. The reduction in net income is due to an expected increase in void rates from 6% to 10% to reflect market conditions and an increase in the budget for repairs and maintenance of the property portfolio based on informed assumptions from the Council's Valuation & Property Services team to allow for economic conditions. Additionally, the budgeted charge for the bad debt provision has been set at £100,000 for 2021/22.

Appendix 5			
Local Housing Authorities: HRA Reserves as a % of Turnover			
Local Housing Authority	Turnover 2019/20	HRA Reserves at 31st March 2020	HRA Reserves as a % of Turnover
	£m	£m	%
H&F*	77.8	26.0	33%
London Local Housing Authorities			
RBKC	61.7	8.5	14%
Westminster	101.4	17.4	17%
Brent	55.6	5.8	10%
Ealing	65.5	17.0	26%
Harrow	31.9	8.3	26%
Hounslow	89.7	41.0	46%
Hillingdon	61.6	17.1	28%
Wandsworth	143.2	130.3	91%
Barking & Dagenham	109.8	16.5	15%
Camden	184.0	27.4	15%
Croydon	85.6	15.4	18%
Enfield	89.7	26.9	30%
Greenwich	117.8	12.9	11%
Hackney	144.5	17.2	12%
Haringey	101.8	15.6	15%
Islington	221.3	108.4	49%
Lambeth	181.5	60.1	33%
Lewisham	105.2	91.3	87%
Newham	108.7	82.2	76%
Redbridge	30.3	16.8	55%
Southwark	264.4	23.0	9%
Barnet	56.0	7.4	13%
Kingston upon Thames	31.9	7.7	24%
Sutton	37.5	7.1	19%
Tower Hamlets	98.2	57.4	58%
Average of Neighbouring Authorities			32%
Average of 26 London Local Housing Authorities			32%
*The HRA reserves and turnover figures for H&F shown in the table above are the expected figures for the year ending 31st March 2021			

Direct comparison of reserve levels relative to turnover with other local housing authorities is of limited benefit as councils will have different approaches to risk.

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 01/02/2021

Subject: Policing & Crime Commission Report

Report of: Councillor Sue Fennimore - Deputy Leader

Responsible Director: Sharon Lea - Strategic Director for the Environment

Summary

Tackling crime and keeping people safe is our number one priority. That is why we are investing £2.7m in tackling crime and anti-social behaviour and have just launched a new Gangs, Violence & Exploitation Unit to reduce levels of youth violence and a pioneering Neighbourhood Enforcement Team to increase the safety of our residents. The creation of the resident-led Policing and Crime Commission in late 2018 was the start of this new approach to both resident engagement and crime reduction in the borough. Since then, the members of the Commission have undertaken a huge amount of field work, interviews and research to inform their final report. The report sets out 35 ambitious recommendations, each one evidence-led and designed to make residents safer, less fearful and better informed. This cover report constitutes H&F's officer response to those recommendations. Following discussion of these recommendations by the CSE PAC, the Commission's report is being submitted for consideration by Cabinet.

Recommendations

That Cabinet:

1. Notes the recommendations of the Policing & Crime Commission (PCC), as set out in appendix 1.
2. Records its thanks and appreciation to the residents and members of the Commission for their sterling work.

Wards Affected: All

H&F Priorities

The proposals set out in this report will contribute to our priorities in the following ways:

Our Priorities	Summary of how this report aligns to the H&F Priorities
Doing things with residents, not too them	<i>The Policing & Crime Commission was set up as part of the programme of resident led commissions. This report provides H&F officers' response to the recommendations of the PCC. The Council embraces the work and is making several significant commitments to deliver the recommendations.</i>

Financial Impact

The majority of the recommendations set out in Appendix 1 relevant to the council are expected to be delivered within existing resources and/ or other corporate programmes. Where the recommendation and resulting detailed proposal will result in increased costs to the council, this will only be implemented where new grant funding can be accessed or alternative funding agreed. These detailed proposals will be the subject of separate decision reports.

Legal Implications

There are no legal implications in respect of what is proposed.

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Background Papers Used in Preparing This Report: None

Appendix 1 – H&F Officer Response to PCC Recommendations

The individual actions have retained the same numbering they were given in the final report of the PCC, to avoid confusion.

Recommendation 1: Crime Communication Infrastructure

TO IMPLEMENT A NEW CRIME COMMUNICATION INFRASTRUCTURE FOR RESIDENTS WITH CLEAR LINKS BETWEEN RESIDENTS, THE COUNCIL, WARD ACTION GROUPS, AGENCIES, AND THE WARD POLICE.

PCC Action

- | | |
|-------|--|
| 2.1.1 | The council and police should communicate clearly and widely with H&F residents and local businesses as to methods for reporting crime and anti-social behaviour - whether this be via the H&F website, the Crime App we are recommending, and/or advertising on various social media platforms. |
| 2.1.2 | New infrastructures should be put into place, such as better signposting on the H&F website and the Crime App, as well as the Crime Helpline. |
| 2.1.3 | The H&F website should be restructured to reflect the new communication recommendations and to maintain a dynamic and up-to-date Crime Section for residents. The Crime Section should display the new communication infrastructure and should advise on how to use the Crime Helpline, and the Crime App. It should also give contact details for all relevant council units, the police, Ward Action Groups, relevant agencies, and the CCTV Room. |
| 2.1.4 | A new form should be created on the Crime Section of the H&F website for residents to register online to a new residents' Crime Alert Database to receive crime alerts for their ward or borough wide. |
| 2.1.5 | The residents' Crime Alert Database should be managed by the council. The responsibility for the current database has fallen through the cracks, having been maintained by local Ward police. We believe it is out of date and therefore unreliable. |
| 2.1.6 | There should be a new 'Quick Link' to 'report a crime' to be featured prominently on the H&F website home page. We are aware that a similar app was developed by the council for residents to report rough sleeping. The experience of this app and the 'Report it' app could be a useful starting point for the new crime reporting app. |
| 2.1.7 | The contact details of Ward police officers should be clearly communicated to residents in the H&F Crime Section. They |

should also be advertised regularly to ward residents.

Recommendation 2: A New H&F Crime Helpline

TO SET-UP A NEW H&F CRIME HELPLINE 0800 NUMBER AND CRIME APP TO OPERATE 24 X 7 TO FIELD NON-EMERGENCY CALLS FROM RESIDENTS. THIS WOULD BE SUPPORTED BY NEW LOCAL ENFORCEMENT OFFICERS (LEOS), NEIGHBOURHOOD WARDENS, THE PARKS CONSTABULARY (I.E. THE BOROUGH TASKFORCE), AND THE CCTV ROOM.

PCC Action

2.2.1 The council should establish a new H&F CRIME HELPLINE AND CRIME APP for residents to report non-emergency crime and disorder incidents, to be supported as described above. Before the police stations were closed and 101 was introduced, residents called the local station for non-emergency calls and it worked well. This will fill that gap for the residents.

2.2.2 We recommend restructuring the current council-managed policing system to form a BOROUGH TASKFORCE that would incorporate the LEOs, the Parks Police, and Neighbourhood Wardens. On-the-ground support should be reviewed to provide optimal use of resources and accountability. We recommend that solid evidence is gathered as to the cost-effectiveness of the Taskforce. We also think a full assessment should be made of on-the-ground operational issues. Parks Police should have a higher profile, spend more time in their parks enforcing byelaws, borough dog control orders, and – importantly – detaining offenders, drug dealers and users, and providing security at park events.

2.2.3 LEOs should undertake youth engagement training before deployment to enable positive interactions and avoid further entrenchment of mistrust of authority amongst young people. The presence and role of the new LEOs should be widely publicised to residents.

2.2.4 The council CCTV Room should work closely with the H&F Crime Helpline, Crime App, the Borough Taskforce, and other enforcement bodies to ensure the CCTV Room is used to full effect.

2.2.5 We believe new procedures should be adopted to ensure the CCTV Room is more proactive in combating crime in the borough.

Recommendation 3: Disbanding Existing Accountability Structures

TOTALLY DISBAND EXISTING STRUCTURES FOR COMMUNICATIONS WITH POLICE, RESIDENTS AND COUNCIL, INCLUDING SAFER NEIGHBOURHOOD WARD PANELS. A LARGE AMOUNT OF POLICE TIME, AT ALL LEVELS, IS CURRENTLY TAKEN UP ATTENDING MANY DIFFERENT COMMITTEES, COMMUNICATING THE SAME INFORMATION WITH GROUPS WHO ARE NOT REPRESENTATIVE OF RESIDENTS AS A WHOLE.

PCC Action

- 2.3.1 The H&F Safer Neighbourhood Board (SNB) stopped meeting in July 2018. Since then, the MOPAC Safer Neighbourhood Board Fund has only partially been used. We recommend that a new H&F Police and Crime Audit Committee be set up, and this is discussed in 2.4. We recommend that the new structures - as laid out in Figure 3 – are recognised and supported by MOPAC and the police as the best structure to combat crime in the borough. MOPAC funding should be made available for activities generated by a new Police and Crime Audit Committee, and for the appointment of a Police and Crime Co-ordinator (on both of which see below).
- 2.3.2 The Independent Advisory Group (IAG) should be retained but re-populated through a borough-wide request for members once the new H&F Crime Alert Database is established. It should be managed by the H&F Police and Crime Co-ordinator with its membership and chair agreed jointly by the council and the police. This is a valuable group as the IAG members are vetted, have security clearance and training so they can be relied on to maintain confidentiality when meeting with the police following critical incidents. The IAG should be made aware of the new communication infrastructure channels as laid out in Figure 3.
- 2.3.3 As discussed, Safer Neighbourhood Ward Panels are not functioning consistently in H&F (or other London boroughs). We, therefore, recommend that they are disbanded. Instead, residents should use a new Crime Helpline and Crime App to report non-emergencies and this information can be shared with the police as described in Figures 2 and 3. Residents will also have the option to escalate a concern through their local Ward Action Group (WAG) – see 2.4.2
- 2.3.4 Neighbourhood Watch should continue its success where residents support it. We feel it should focus on helping direct new residents to the crime communication infrastructure in the borough, and on supporting older people who are anxious about crime. Any concerns identified by Neighbourhood Watch can be referred to a WAG. This group will be able to work better with the support of the Crime Helpline, the Crime App, the resident Crime Alert Database, and improved contact with Ward police.

Recommendation 4: New Recommended Groups, Committees & Roles

CREATE A NEW INDEPENDENT H&F POLICE AND CRIME AUDIT COMMITTEE AND ROLL OUT COUNCILLOR-LED WARD ACTION GROUPS PROFESSIONALLY MANAGED AND CO-ORDINATED BY A NEWLY APPOINTED PAID POLICE AND CRIME CO-ORDINATOR.

PCC Action

2.4.1 We recommend A POLICE AND CRIME AUDIT COMMITTEE takes the place of the old SNB. Membership would be made up of people from across the borough to include youth agencies, representatives from a WAG, a Tenant and Residents Association, a Housing Association, drug and alcohol services, BAME services, the business community, and a councillor from a relevant H&F scrutiny committee. It should also be attended by the Chief Inspector. Management of the Committees would be the responsibility of the Police and Crime Co-ordinator.

2.4.2 Roll out councillor led Ward Action Groups (WAGs) across the Borough:

2.4.3 Create a new post for a POLICE AND CRIME CO-ORDINATOR to support and co-ordinate meetings and minutes for the H&F Police and Crime Audit Committee, the Independent Advisory Group, and the Ward Action Groups. The Co-ordinator should distribute crime data from the police in an agreed, consistent format, and should manage the memberships of all Committees.

Recommendation 5: Prioritise Pupil Safety

IMPLEMENT SAFETY MEASURES FOR H&F SCHOOL PUPILS, OUTSIDE OF SCHOOL HOURS TO INCLUDE JOURNEYS TO AND FROM SCHOOL, AND AFTER SCHOOL CLUBS

PCC Action

2.5.1 H&F and the local police should consider additional measures to improve the safety of pupils coming to and from school. Part of the brief for the new LEOs could be to specifically tackle pupil safety, particularly during dispersal.

2.5.2 H&F should consider more provision for after school clubs. We appreciate that finding resources for these is problematic but feel that outside sponsorship might well be forthcoming. Key elements of these clubs should be wi-fi access, quiet spaces for

homework, and a range of activities to improve life skills. The provision of a meal would be a big draw.

Recommendation 6: New H&F Youth Commission

TO SET UP A NEW H&F YOUTH COMMISSION TO ASSESS H&F YOUTH PROVISION IN THE BOROUGH.

PCC Action

2.6.1 We recommend that a new resident-led Commission is set up to assess youth service provision in the borough. It will be imperative that young people themselves are fully represented and empowered. There should also be good representation from residents with appropriate expertise in the field.

2.6.2 In their terms of reference, a new Youth Commission should be asked to specifically consider how best to disseminate information on youth services. The aim would be to improve awareness of services among young people, parents, and professionals representing organisations looking to partner with or refer to other local services.

2.6.3 A new Youth Commission should be given a comprehensive information pack which covers how the council currently delivers youth services, what initiatives they are planning, and what are the pinch points. The information pack should identify relevant council units and provide contact details. Other agencies which are funded to provide services (as well as those not funded by the council but operating in the field) should also be identified.

Recommendation 7: Addressing Drug and Alcohol Misuse

A MORE PROACTIVE AND STRUCTURED APPROACH TO SUBSTANCE AND ALCOHOL MISUSE, ITS PREVENTION, TREATMENT, AND ITS LINKS TO CRIME, TO INCLUDE POLICING PRACTICES WHICH HAVE BEEN SHOWN TO BE EFFECTIVE.

PCC Action

2.7.1 The Commission was impressed with the work being done by the Resilience project, run by Turning Point, to help those aged under 18 deal with their drug and alcohol problems, particularly heavy cannabis use. We recommend that H&F continues to support this project when current funding runs out in 2021.

2.7.2 The Commission urges H&F to work with the police to consider adopting innovative approaches to drug dealing such as

	those used by an Oxford Taskforce. This could perhaps be in the context of the Integrated Gang Unit since gang activity and drug dealing are intertwined. The Oxford Taskforce focuses on disrupting county lines drug dealing, safeguarding those unwillingly caught up in the trade, and encouraging drug users to access treatment. One key feature was targeting specific open space locations where drugs are used and sold, often employing environmental design solutions. Ensuring real community engagement was another key, including guaranteed telephone feedback within 24 hours from Taskforce members to everyone who phoned in with information. The new LEOs could provide some of the resources.
2.7.3	The Commission recommends that Forensic CAMHS, that works closely with Youth Offending services and CAMHS, expands its role to offer its expertise to the Integrated Gangs Unit. This recognises the fact that victims and offenders are often interchangeable, and that their complex needs and level of trauma require expert assessment and intervention.
2.7.4	The Commission would like H&F to consider working with the police to adopt a diversion scheme for drug users such as that operating in Thames Valley. In this, anyone (of any age) found in possession of drugs is automatically referred to a drug treatment agency for assessment and help. They are only arrested if they fail to comply.
2.7.5	The Commission would also like the police to consider another diversion scheme like Checkpoint, initiated by Durham Police. In this, criminal sanctions for a range of different offences committed by those aged 18 or more are deferred for six months if the offender agrees to a tailor-made, multi-agency four-month programme to tackle issues which may be linked to offending behaviour.
2.7.6	The Commission encourages the local authority to support a 'Meet at the Gate' service for men leaving London prisons who will settle in H&F, much like the existing 'Minerva' service for women. This might help encourage them to steer away from risky places and activities that may prompt them to reoffend. Whether a service might be through a specific tender, or an extension to existing contracts, would have to be considered.
2.7.7	When the new custody suite opens at Hammersmith police station, every effort should be made to ensure the availability of specialist substance abuse workers to engage with and assess those in custody aged 18 or more. They could then offer follow-up help if the person is charged.
2.7.8	The Commission recognises that early intervention with those with an alcohol problem is beneficial given the link with anti-social behaviour, domestic abuse, and other crime. H&F should help here by expanding the model – developed by ChangeGrowLive - of an alcohol misuse specialist working with GP practices on a sessional basis.

2.7.9 The Commission recommends the greater involvement of the Housing Department in specialist panels such as the Safeguarding Adolescents at Risk Panel, the Youth Offending Services Out of Court Disposal Panel, and the Safeguarding Partnership Group.

Agenda Item 11

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 01/02/2021

Subject: School Budget (Dedicated Schools Grant) 2021/22

Report of: Councillor Larry Culhane - Cabinet Member for Children and Education

Responsible Director: Jacqui McShannon – Director of Children’s Services & Emily Hill – Director of Finance

Summary

This report seeks approval of the final proposed 2021/22 schools block allocation and funding to schools through the schools funding formula for the financial year ending 31 March 2022. Hammersmith & Fulham Schools Forum agreed the model for 2021/22 budget shares on 12 January 2021. The Education and Skills Funding Agency (ESFA) require political endorsement of the schools’ forum decision to agree the 2021/22 budget.

This report covers the budget decisions for the following Hammersmith & Fulham education provision funded from the four blocks of the Dedicated Schools Grant:

- The Schools Block – funding for mainstream primary and secondary schools. Schools block funding of £110.061m has been confirmed for Hammersmith & Fulham for 2021/22 by The Department of Education (DfE). This represents a 0.45% increase in grant funding in cash terms versus 2020/21 after adjusting for teachers pay and pension grants.
 - The Central Services Schools Block Budget – £3.313m funding in 2021/22 to meet the statutory education functions of the local authority and historic central funding commitments.
 - Early Years Block – funding for the government's universal and extended childcare and early years education offer for 3 and 4 year olds. £14.860m initial funding notified for 2021/22 in addition to increased funding in 2020/21.
 - High Needs Block – funding for the special educational needs provision of £29.142m in 2021/22 financial year. This report requests delegated authority to the Director of Children’s Services to increase high needs place funding to special provision in Hammersmith & Fulham up to the levels indicated in the report.
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Recommendations

1. Schools Block and Central Services Schools Block Budget 2021/22 Financial Year
 - a. To approve the Local Authority formula for allocating resources to Hammersmith & Fulham schools for 2021/22 as set out in Appendix 1, the Authority Proforma Tool (APT) for setting school budgets.
 - b. To approve the National Funding Formula (NFF) transitional funding factors (as set out in Appendix 1) as the basis for calculating the 2021/22 schools funding formula, together with a 0.5% per pupil Minimum Funding Guarantee (MFG) protection for individual schools versus 2020/21 pupil led funding levels.
 - c. To approve the disapplication request to transfer £0.528m (0.5% of the total schools block allocation) from the schools block to the high needs block in the 2021/22 financial year as confirmed by Schools Forum on 12 January 2021.
 - d. To approve the proposal to top-slice the 2021/22 Schools Block to the value of £0.200m or 0.18% of the total for the Falling Rolls protection fund in 2021/22, as confirmed by Schools Forum on 12 January 2021.
 - e. To approve de-delegation budgets of £0.696m for maintained mainstream schools only, as confirmed by Schools Forum on 12 January 2021.
 - f. To approve the education functions budgets of £0.273m for maintained mainstream schools only, as confirmed by Schools Forum on 12 January 2021.
 - g. To approve the proposed budget allocation for Central Services Schools Block DSG totalling £3.313m.
2. Early Years Block Budget 2020/21 and 2021/22
 - a. Agree deployment of the revised 2020/21 Budget for 3 and 4 year olds including additional funding received for the 2019/20 financial year. The increase is £0.412m from 2019/20 and £0.888m for 2020/21 based on the revised allocation received in July 2020.
 - b. Agree 2021/22 initial budget allocation of £14.860m for 3 and 4 year olds in line with grant conditions, including an increase in the hourly Base Rate paid to providers from £6.20 to £6.26 and the high level central Early Years budget of £0.743m.
3. High Needs Block Place Commissioning 2021/22
 - a. To delegate authority to the Director of Children's Services in consultation with the Cabinet Member for Children and Education to

increase high needs place funding to special provision in Hammersmith & Fulham up to the levels indicated in the report and to a total of 920 FTE places in 2021/22 financial/academic year and following negotiation with specialist providers in Hammersmith & Fulham.

Wards Affected: All

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
Building shared prosperity	The allocation of funding to local schools who are employers within the borough.
Creating a compassionate council	Enables pupils within the borough to receive a good quality education.
Doing things with local residents, not to them	Providing educational opportunities for all pupils within the borough.
Being ruthlessly financially efficient	Contributes to a level of financial stability for schools. The high needs block transfer enables this support to schools to continue and helps to reduce the high needs budget pressure.
Taking pride in H&F	Ensures continuing good quality provision in the borough's schools enabling pupils to take pride in their school and the borough.

Financial Impact

Schools Block Budget

This report covers the allocation of the funding for all mainstream schools in Hammersmith & Fulham for education between reception and year 11 for the period April 2021 to March 2022. The basis for the distribution of funds within the Schools Block of the Dedicated Schools Grant across all schools is in line with the regulated range of allowable variables.

Other than the proposed transfer between blocks, the remaining funds are distributed to individual schools in line with their individual characteristics and with regard to the local formula.

The budget for the falling rolls protection fund for 2021/22 is available from the budget top sliced from the 2021/22 budget shares.

De-delegated budgets are budgets managed for schools centrally by the local authority on their behalf.

Funding for education functions is to meet the cost of providing statutory education functions on behalf of maintained schools and in line with the education funding regulations.

Central Services Schools Block (CSSB)

The Historic element of CSSB funding has reduced by £0.571m in the year to 2020/21 (a total decrease of £1.1m versus 2019/20). The decrease has been met by savings on historic CSSB which to date have benefited the High Needs Block as a transfer between blocks.

A balanced budget has been set for 2021/22. The Education and Skills Funding Agency will confirm further block funding reductions from 2022/23 in the new financial year. The Education Department is exploring budget options for 2022/23 in order to mitigate potential further block reductions.

Early Years Block

The 2020/21 additional funding for 3 and 4 year olds notified in July 2020 was made up of two elements

- £0.412m relating to 2019/20 actual entitlements due in the main to additional take up of the extended offer.
- £0.888m relating to 2020/21 based on the January 2020 census.

The proposals detailed in the report below are to allocate the 2019/20 funding of £0.412m to training, Covid 19 catch up support and a one off Spring Term payment to all providers. These proposals are in line with DfE guidance for the deployment of 3 and 4 year old funding.

The majority of the 2020/21 additional funding will be required to fund the additional extended hours entitlements identified in January 2020 for the rest of the financial year.

The Early Years proposed budget for 2021/22 will ensure the 95% pass through rate of grant as required by the funding regulations and grant conditions. Only 5% of the grant allocation is budgeted as local authority incurred expenditure to support the sector and vulnerable children in private and voluntary nursery settings.

High Needs Block (HNB)

The current financial year 2021/22 budget, outturn and forecast is shown in table 8. The budget and forecast outturn figures are shown pre-academy recoupment and include £2.778m which will be deducted from the allocation that the local authority will receive. This figure equates to £1.199m for pre-16 SEN places at Special School Academies and Alternative Provision (AP) academies and £1.579m for post-16 SEN places at Further Education (FE) providers and 16-19 Academies.

The draft budget figure includes an assumption of a 0.5% transfer from the Schools block to the High Needs block, c.£0.528m.

The draft forecast is showing a projected FY 2021/22 HNB overspend of £0.750m and allows for place commissioning proposals and the passing previously mainstreamed grants to schools and establishments. This forecast will continue to be monitored closely.

The cumulative HNB deficit brought forward at 1st April 2020 is c.£19.8m. Based on current forecasts, the cumulate deficit at 31st March 2022 including the FY 2021/22 forecast highlighted above is c.£23.647m.

2021/22 draft HNB budget and forecast

Summary Category	Draft 2021/22 Budget £m	Draft forecast 2021/22 Outturn £m	Draft 2021/22 variance £m
Alternative Provision	0.973	1.000	-0.027
Commissioned Service	3.012	2.623	0.389
Discretionary payments	0.021	0.040	-0.020
EHCP Top Up	15.732	16.745	-1.013
LAC Belongings	0.500	0.303	0.197
Place Funding	7.535	8.056	-0.521
SEND Service	1.635	1.654	-0.020
Other	0.264	0.000	0.264
Total	29.670	30.421	-0.750

Increases in commissioned numbers will impact on high needs grant funded expenditure and may mirror pressures on the overall high needs budget. However, any increases would be agreed following a detailed understanding of the schools financial position and need for additional funding for the effective running of schools. Place funding increases are expected to take place in tandem with schools agreement to deliver specialist therapeutic interventions from the schools budget.

Legal Implications

The Dedicated Schools Grant is payable to local authorities under section 14 of the Education Act 2002. It is a 'ring fenced grant' that is to say it must be solely spent on the grant conditions and guidance has been prepared by the Education and Skills Funding Agency (ESFA) to assist local authorities in the operation of the dedicated schools grant (DSG).

The School and Early Years Finance (England) Regulations 2020 provide that Local Authorities must consult their Schools Forum and schools maintained by them when determining the school funding formula. Cabinet is the decision-making body for the schools funding formula and must consider the outcome of the consultation and take that into consideration when making a decision on whether to adopt the NFF, as per Schools Forum's recommendation. Although not duty bound to follow the recommendation of Schools Forum following the consultation, if Cabinet departs from the recommendation clear reasons must be given.

In 2020-21, The Council will continue to determine schools' budget allocations at a local level, through a local funding formula, though in future years to come this will change to a national set funding formula

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Background Papers Used in Preparing This Report

Schools Forum 12/01/21 Papers and draft minutes – published
<http://democracy.lbhf.gov.uk/ieListDocuments.aspx?CId=473&MIId=7086&Ver=4>

Schools revenue funding 2021 to 2022 Operational Guide
[Schools operational guide: 2021 to 2022 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/94444/schools-operational-guide-2021-to-2022.pdf)

Early Years Funding 2021 to 2022 Operational Guide
[Early years entitlements: local authority funding of providers operational guide 2021 to 2022 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/94444/early-years-funding-2021-to-2022.pdf)

DETAILED ANALYSIS

Schools Block and Central Services Block

1. The recommended model of distribution of the Schools Block of the Dedicated Schools Grant through the Authority Proforma Tool was agreed by Schools Forum on 12th January 2021 as below and per the detailed funding factor rates and values in Appendix 1.
2. The agreed model provides stability to schools in 2021/22 by ensuring that schools benefit from a 0.5% minimum funding guarantee on a per pupil basis. The agreed factors are National Funding Formula (NFF) factors being uprated by 8.42% to ensure the full schools block allocation is distributed to schools.
3. A transfer to support the High Needs Block of £0.528m or 0.5% of the block has been agreed with Schools Forum and will be used to mitigate funding pressures in the high needs budget in 2021/22.
4. De-delegation budgets of £0.695m for maintained mainstream schools have been agreed at Schools Forum. These are budgets that maintained primary schools agree to delegate to the local authority to manage and spend.

Area of expenditure	2021/22 £m
Maintained Schools in Financial Difficulty/Contingency	0.192
Maintained Schools Trade Union Facilities Cover	0.030
Maintained Schools Maternity Cover	0.134
Maintained Schools Licence Fees	0.032
Behavioural Support (SEND)	0.052
Free School Meals Eligibility	0.031
Additional School Improvement and Support to EAL and Underperforming Ethnic Groups	0.225
Total	0.696

5. Education functions budgets of £0.273m for maintained mainstream schools and as approved by Schools Forum on 12 January 2021. These budgets are set with reference to DfE schools funding guidance to meet the cost of meeting the local authorities retained education functions with respect to maintained mainstream schools.

Area of expenditure	2021/22 £m
Finance	0.095
Asset management	0.092
Asbestos management and risk	0.048
SIMS support	0.015
Business Intelligence	0.023
Total	0.273

6. Falling rolls budget support of £0.2m is proposed within the budget to provide limited assistance to mainstream schools to manage the impact of reduced rolls in the short term. Schools Forum have agreed the fund which is available to mainstream schools with a good or outstanding Ofsted assessment per the grant conditions. Available funding will be allocated to eligible schools in due course through Schools Forum decision.

Central Services Schools Block

7. In 2021/22 there is no change to the arrangements for Central Schools Services Block (CSSB) of the DSG. The CSSB allocation for 2020/21 provides funding for:
 - The retained duties element of the Education Services Grant (ESG) for all schools
 - Ongoing central statutory functions – for example Admissions – for maintained schools
 - Ongoing historic commitments.
8. For historic commitments there will be a further reduction to this element of funding for all local authorities receiving it. For Hammersmith & Fulham this equates to a further reduction in grant of circa £0.571m in 2021/22 versus 2020/21 (circa £1.1m since 2019/20).
9. Since 2018/19 financial year significant savings have been achieved against CSSB to allow a transfer to support High Needs Block funding pressures. The cumulative value of those savings is £1.1m per annum. However, as a result of the DfE reduction on the CSSB from 2021/22 the transfer to the High Needs block is no longer possible.
10. It is unknown at this time the value of any further reduction proposed in CSSB from 2022/23 and beyond and Hammersmith & Fulham await further information from the Department of Education.
11. The CSSB budget for 2021/22 is presented below and as approved by Schools Forum on 12 January 2021.

Area of Expenditure	2021/22 Proposed
	£m
Copyright Licensing	0.129
Asset Management, Place Planning and Strategic Operations	0.156
Asset Management – CERA Commitment	1.435
Management, Support, Finance/Business Intelligence and SACRE	0.545
Virtual School	0.282
Lilla Huset Professional Development Centre	0.119
Admissions and ACE	0.606
Transfer to High Needs	0
Centrally Employed Teachers	0.041
Total Spend/Funding	3.313

Early Years Block

12. The final 2019/20 and provisional 2020/21 allocations were received in July 2020. These allocations provided additional funding for 3 and 4 year olds of:

- £0.412m for 2019/20 based on the January 2020 census which showed an increased uptake of the extended hours entitlements.
- £0.888m for 2020/21 also based on the January 2020 census which has been used to revise the 2020/21 budget as shown below

Revised 2020/21 Early Years Budget – 3 & 4 YO Universal and Extended Offer

	20/21 Budget Original	20/21 Budget Revised	Change in year
	£000	£000	£000
Participation based on estimated hours – base rate	10,742	11,431	689
Participation based on estimated hours – deprivation.	1,224	1,302	78
Central services expenditure – 5% maximum allowed	693	737	44
SEN Inclusion Fund	300	300	0
Provision for Vulnerable & Additional Needs Children	600	600	0
Contingency	302	379	77
TOTAL SPEND	13,861	14,749	888
DSG EY funding	-13,861	-14,749	-888
NET POSITION	nil	nil	nil

13. It is proposed to use the 2019/20 additional funding to benefit the Early Years sector by allocating it as follows:

- Training for Early Years Providers £0.02m. This will enable us to roll-out training for all providers in how to identify and support children with autism as well as offering other relevant training courses. There has not been any training provided for some time so it is thought that this is much needed and will be well received.
- Covid 19 catch up support £0.09m. This will enable us to provide additional support to pupils identified as having been impacted by the lockdown periods who are now in need of additional catch-up support to enable them to access provision. This will be commissioned in accordance with the Early Years Funding Guidance.
- One off Spring Term payment to all providers, £0.302. This will enable us to provide a one-off payment to all providers who are open and provide them with additional financial security during this uncertain time. This should ensure settings remain open and viable.

14. Also, it is proposed to use £0.246m of unallocated contingency from the 2020/21 revised budget to increase the funding available for the One off Spring term payment to £0.548m. It is estimated that this will allow for a Spring

supplementary rate of £0.90 per hour based on Spring 2020 actual activity of 608,900 hours across all early Years providers.

15. The 2021/22 Early Years Block initial allocation was received in December 2020 and is based on the January 2020 Early Years census. The table below gives a high-level summary of the allocation.

2021/22 Initial Early Years DSG Allocation

Element	Funding £m
3- and 4-YO universal offer	12.109
3- and 4-YO extended offer	2.751
Sub-total 3- and 4-Year Old Offer	14.860
2-YO Disadvantaged offer	1.161
EY Pupil Premium	0.089
Disability Access Fund	0.048
MNS supplementary funding	0.850
TOTAL	17.008

16. The decisions required in this report relate to the allocation of the 3 and 4 year old funding which is made up of a number of parts. The table below shows the proposed breakdown of the 2021/22 budget which is compliant with the DfE regulations for 95% pass through to Early Years providers. This budget includes an increase of £0.06 in the hourly base rate paid to providers from £6.20 to £6.26.

Proposed 2021/22 Early Years Budget – 3- & 4-YO Universal and Extended Offer

	20/21 Budget Revised	21/22 Proposed Budget	Change year on year
	£m	£m	£m
Participation based on estimated hours - base rate	11.431	11.542	0.111
Participation based on estimated hours – deprivation.	1.302	1.302	0.000
Central services expenditure - 5% maximum allowed	0.737	0.743	0.006
SEN Inclusion Fund	0.300	0.500	0.200
Provision for Vulnerable & Additional Needs Children	0.600	0.550	(0.050)
Best Practice, Training and Network Building	0.000	0.150	0.150
Contingency	0.379	0.073	(0.306)
TOTAL SPEND	14.749	14.860	0.111
DSG EY funding	(14.749)	(14.860)	(0.111)
NET POSITION	nil	nil	nil

17. Funding for Early Years is adjusted annually to take account of the changes in the January census numbers. The final allocation for 2021/22 financial year will not be confirmed until July 2022.
18. There will be a short consultation with Early Years providers based on the recommendations in paragraph 16 above in line with DfE requirements. The results will be presented to Schools Forum in March along with the final proposed budget for 2021/22.

High Needs Block Place Commissioning

19. It is proposed to increase the budgeted number of high needs commissioned places in academies and maintained provision by a total of 70 FTE places representing an increase FY 2021/22 cost to the HNB of £0.620m.
20. This would enable an increase in high needs place funding to special provision in Hammersmith & Fulham up to the levels indicated in the report and to a total of 920 FTE places in 2021/22 financial/academic year and following negotiation with specialist providers in Hammersmith & Fulham.
21. This increase in HNB expenditure should be considered in the wider review of the HNB and the identification of savings proposals as part of a High Needs Block review.

FY 2021/22 Financial impact of proposed commissioned place numbers

<u>Academies, Free schools, FE colleges.</u>								
School	FY 2020/21 Total commissioned places	RESIDENT pupils from 2020 Oct census	NON RESIDENT pupils from 2020 Oct census	TOTAL pupils	FY 2020/21 Numbers of pupils in excess of total commissioned places	Proposed number of places to be commissioned FY 2021/22	FY 2021/22 cost to DSG based on proposed places £	Additional FY 2021/22 DSG cost £
Queens Manor Resource Unit	20	8	0	8	-12	20	120,000	40,000
Ealing, Hammersmith and West London FE college	201	35	216	251	50	251	1,506,000	300,000
Courtyard AP Academy	16	8	3	11	-5	16	160,000	-
The Bridge AP Academy	87	38	1	39	-48	78	780,000	90,000
TBAP 16 - 19 Academic AP Academy	15	1	5	6	-9	6	60,000	90,000
Sub-total	339	90	225	315	-24	371	2,626,000	160,000
<u>Maintained schools</u>								
Cambridge School	75	31	86	117	42	100	1,000,000	250,000
Jack Tizard	70	38	32	70	0	70	700,000	-
Queensmill School	144	96	73	169	25	157	1,570,000	130,000
QM at Fulham Primary	30	30	0	30	0	30	300,000	-
QM at Fulham Cross Girls	7	7	7	14	7	7	70,000	-
QM at Fulham College Boys	15	16	18	34	19	15	150,000	-
QM Pavilion	0	0	0	0	0	0	0	-
Woodlane	100	58	47	105	5	100	1,000,000	-
Miles Coverdale Resource Unit	20	5	1	6	-14	20	140,000	80,000
William Morris 6th Form	50	20	32	52	2	50	500,000	-
Sub-total	511	301	296	597	86	549	5,430,000	460,000
Total	850	391	521	912	62	920	8,056,000	620,000

22. The proposals for Academies, Free schools and FE colleges results in an increase to the financial year (FY) 2021/22 HNB recoupment and forecast of £0.160m. This is due to the full year effect of the increase in places at the Ealing, Hammersmith and West London FE college from 102 places to 251 from

Academic Year (AY) 2020/21 meaning the full impact hasn't been realised in FY 2020/21 and is increasing costs by £0.300m in FY 2021/22.

23. The increase above is offset by a reduction in places at The Bridge AP (TBAP) Academy reflected in the TBAP SLA and a reduction in the TBAP 16-19 AP Academy as TBAP can't deliver the service citing funding restraints. This will result in a reduction of £0.180m.
24. There is a slight increase in costs of £0.040m for the Queens Manor SEN resource unit as empty places have increased which become a cost to the HNB. This will be resolved in the pending SEN sufficiency review.
25. The proposals for maintained schools would result in a maximum increase to the FY 2020/21 HNB forecast of £0.460m. This is primarily due to the potential increase in high need commissioned places at Cambridge and Queensmill schools and an increase in costs attributable to the HNB for empty places at the Miles Coverdale resource unit.
26. Place funding is allocated as an annual amount of core funding. Once place funding is allocated, it is not associated with or reserved for a specific local authority or individual pupil or student. It is for the institution to decide how best to apportion their total allocated core funding across the actual number of places commissioned by local authorities, considering the provision and support that may be specified in the individual pupils' or students' EHC plans. It is therefore the expectation that any negotiations concludes with the delivery of specialist interventions in line with increased core funding.

Reasons for Decision

27. Schools' budget shares from the schools block of the Dedicated Schools Grant (DSG) are agreed annually according to the process and regulations set out by the Education and Schools Funding Agency (ESFA).
28. Schools Forum and the Local Authority must approve the basis for the allocation to schools in January/early February. Hammersmith & Fulham Schools Forum agreed the budget model proposed at a meeting on 12 January 2021.
29. Both the Early Years and High Needs Block budgets in Hammersmith & Fulham are significant in value at £14.9m and £29.7m respectively. Whilst the application of Dedicated Schools Grant is heavily regulated by grant conditions and the requirements of the national funding formula funding guidance, local authorities must work with Schools Forum and education leaders to agree effective, efficient and value for money budgets.
30. The High Needs Block budget set for 2021/22 assumes an overspend of circa £0.75m versus the grant funding available from government. This represents an overspend of 2.6% of the funding allocation in 2021/22. This is a marked improvement on the position in 2017/18 financial year where the overspend represented some 27.8% of the funding allocation.

31. Work continues to balance the position on the High Needs Block in collaboration with schools in Hammersmith & Fulham, alongside ongoing discussions with the Department for Education in order to address the retained deficit on the Dedicated Schools Grant.

Equality Implications

32. There are no direct negative equality implications for groups with protected characteristics, under the Equality Act 2010, by the approval of these funding proposals set out in the Recommendations.
33. Officers anticipate a neutral impact as the funding model outlined in this report is intended to provide financial stability to schools in the final year of the transitional period before changes in funding and allocations arrangements. The report allows for an increase in the place funding allocation for special schools subject to mutual agreement with schools.
34. Place funding decisions will be negotiated with schools, accounting for the needs of the school population and to ensure a budget for the efficient and effective running of schools. In addition to place funding, individual learners also attract top-up funding to deliver to the specification in their Education, Health and Care Plans.

Implications completed by:

Tony Burton, Head of Finance Children's Services and Education, tel. 07909 004710 and

Daryle Mathurin, Strategic Lead Education, Assets and Operations, tel. 020 8753 1432

Risk Management Implications

35. The council has experienced growing pressures on the High Needs budget as a result of demographic growth, government policy changes and the continuing impact of the government's austerity. Ensuring that resources available to schools are appropriately allocated supports the delivery of the council's corporate priorities to ensure that children and young people will receive a great start in life and that schools will be amongst the best in the country, with enough places for all and with all children achieving the best that they can.
36. In line with the Council's objective of being Ruthlessly Financially Efficient and given the significant financial pressures faced by schools, it is important that strong oversight and financial monitoring continues to be maintained and appropriate ongoing assurances provided on the management of these risks.

Implications completed by: Michael Sloniowski, Risk Manager, tel: 020 8753 2587

Consultation

37. The local authority consulted with Schools Forum in November 2020 with respect to three potential models for the distribution of the provisional schools block allocation advised in October 2020 by the ESFA. Three different models were discussed. One based around the 2020/21 model for Hammersmith & Fulham with a falling rolls fund, one based around the 2020/21 model without a falling rolls fund and another based on the hard National Funding Formula rates. Schools Forum agreed the recommendation of the first model subject to the final funding allocation modelling.
38. The local authority consulted with the wider schools' community in November 2020 with respect to the proposed options for the schools block budget allocation. Budget workshops were held for schools to review the key elements of the proposed model in November 2020. Further budget workshops were held January 2021 to include details of the proposals and the updated final funding notified by the ESFA on 17th December 2020, prior to Schools Forum on the 12th January 2021.
39. Hammersmith & Fulham Schools Forum agreed the proposed 2021/22 schools block budget shares on 12 January 2021.
40. Following Schools Forum on 12th January Early Years providers will be consulted with respect to budget proposals to support the sector in the Spring 2021 term and beyond.
41. There will be ongoing liaison and consultation with maintained special school around the proposed high needs place commissioning proposals to ensure appropriate resources for our education partners.

List of Appendices:

Appendix 1, the Authority Proforma Tool (APT) for setting school budgets.

Appendix 1 The Authority Proforma Tool submitted to ESFA pending LBHF decision

Local Authority Funding Reform Proforma

LA Name:

Hammersmith and Fulham

LA Number:

205

Primary minimum per pupil funding level

£4,180

Secondary (KS3 only) minimum per pupil funding level

£5,215.00

Secondary (KS4 only) minimum per pupil funding level

£5,715.00

Secondary minimum per pupil funding level

£5,415.00

Disapplication number where alternative MPPF values are used

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00						
	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)		
	Primary (Years R-6)	£4,008.15		9,474.00		£37,973,232	£81,246,427	35.08%	2.95%		
	Key Stage 3 (Years 7-9)	£5,652.22		4,469.00		£25,259,791		23.34%	2.53%		
	Key Stage 4 (Years 10-11)	£6,369.66		2,828.00		£18,013,404		16.64%	2.53%		
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
2) Deprivation	FSM	£0.00	£0.00	2,547.65	1,621.37	£0	£10,228,389	9.45%	0.00%	0.00%	
	FSM6	£737.97	£1,078.08	2,938.06	2,525.48	£4,890,866			18.41%	26.40%	
	IDACI Band F	£275.94	£397.86	1,047.44	774.00	£596,974			7.00%	8.90%	
	IDACI Band E	£333.69	£532.62	1,872.10	1,248.25	£1,289,550			11.10%	15.40%	
	IDACI Band D	£526.20	£744.39	908.78	654.56	£965,447			27.00%	33.00%	
	IDACI Band C	£571.13	£808.56	1,089.61	927.04	£1,371,883			31.40%	35.40%	
	IDACI Band B	£609.63	£872.73	685.86	566.17	£912,234			1.00%	1.00%	
	IDACI Band A	£795.72	£1,103.75	87.09	119.71	£201,435			1.00%	1.00%	
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
3) Looked After Children (LAC)	LAC March 19	£551.23		55.00		£30,318	£2,441,630	0.03%	100.00%		
4) English as an Additional Language (EAL)	EAL 3 Primary	£705.89		2,290.23		£1,616,654		2.13%	100.00%		
	EAL 3 Secondary		£1,905.90		362.21	£690,333				100.00%	
5) Mobility	Pupils starting school outside of normal entry dates	£1,155.07	£1,655.60	76.98	9.31	£104,326		0.10%	100.00%	100.00%	
	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
6) Low prior attainment	Primary low prior attainment		£1,405.35	27.08%	2,565.19	£3,604,998	£5,892,249	5.44%	100.00%		
	Secondary low prior attainment (year 7)	64.53%	£2,130.49	14.51%	1,073.58	£2,287,251					100.00%
	Secondary low prior attainment (year 8)	64.53%		14.49%							
	Secondary low prior attainment (year 9)	63.59%		14.43%							
	Secondary low prior attainment (year 10)	58.05%		13.75%							
	Secondary low prior attainment (year 11)	48.02%		16.45%							
Other Factors											
Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)				
7) Lump Sum	£151,188.00	£151,188.00			£7,105,836	6.56%	0.00%	0.00%			
8) Sparsity factor	£0.00	£0.00	£0.00	£0.00	£0	0.00%	0.00%	0.00%			
Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum or the NFF weighting for any of the phases.											
Primary distance threshold (miles)		Primary pupil number average year group threshold		Fixed, tapered or NFF sparsity primary lump sum?	Fixed						
Secondary distance threshold (miles)		Secondary pupil number average year group threshold		Fixed, tapered or NFF sparsity secondary lump sum?	Fixed						
Middle schools distance threshold (miles)		Middle school pupil number average year group threshold		Fixed, tapered or NFF sparsity middle school lump sum?	Fixed						
All-through schools distance threshold (miles)		All-through pupil number average year group threshold		Fixed, tapered or NFF sparsity all-through lump sum?	Fixed						
9) Fringe Payments							£0	0.00%			
10) Split Sites						£217,312	0.20%	0.00%			
11) Rates						£1,113,104	1.03%	0.00%			
12) PFI funding						£0	0.00%	0.00%			
13) Exceptional circumstances (can only be used with prior agreement of ESFA)											
Circumstance						Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)			
Additional lump sum for schools amalgamated during FY20-21						£0	0.00%	0.00%	0.00%		
Additional sparsity lump sum for small schools						£0	0.00%	0.00%			
Exceptional Circumstance3						£0	0.00%	0.00%			
Exceptional Circumstance4						£0	0.00%	0.00%			
Exceptional Circumstance5						£0	0.00%	0.00%			
Exceptional Circumstance6						£0	0.00%	0.00%			
Exceptional Circumstance7						£0	0.00%	0.00%			
Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)						£108,244,948	100.00%				
14) Additional funding to meet minimum per pupil funding level						£0	0.00%	0.00%			
Total Funding for Schools Block Formula (excluding MFG Funding Total)						£108,244,948	100.00%				
15) Minimum Funding Guarantee						0.50%	£1,087,800				
Where a value less than 0.5% or greater than 2% has been entered please provide the disapplication reference number authorising the value											
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)						No					
Capping Factor (%)		Scaling Factor (%)									
Total deduction if capping and scaling factors are applied						£0					
						Total (£)	Proportion of Total funding(%)	Notional SEN (%)			
MFG Net Total Funding (MFG + deduction from capping and scaling)						£1,087,800	0.99%	0.00%			
Total Funding for Schools Block Formula						£109,332,748	£12,648,015				
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)						£0.00					
Additional funding from the high needs budget						£0.00					
Growth fund (if applicable)						£0.00					
Falling rolls fund (if applicable)						£200,000.00					
Other Adjustment to 20-21 Budget Shares						£0					
Total Funding For Schools Block Formula (including growth and falling rolls funding)						£109,532,748					
% Distributed through Basic Entitlement						75.06%					
% Pupil Led Funding						92.21%					
Primary: Secondary Ratio						1 :	1.29				

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London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 01/02/2021

Subject: Immediate Schools Capital Programme of Works to March 2021

Report of: Councillor Larry Culhane - Cabinet Member for Children and Education

Report author: Anthony Mugan, Service Manager Education Operations

Responsible Director: Jacqui McShannon – Director of Children’s Services

Summary

The Council receives grant funding annually from the Department of Education for the school condition and maintenance programme. This grant covers major programmes of work, material infrastructure upgrades and key reactive maintenance projects.

Officers are currently developing a medium-term strategy and programme of works from the detailed stock condition surveys. In the interim this report seeks approval for the immediate programme of works up to and including Easter 2021 to ensure essential works can be undertaken across the maintained school estate.

Recommendations

1. To approve capital budget of £548,100 and revenue budget of £85,700 for the programme of works detailed in Appendix A, which includes a strong focus on works that contribute significantly to enhancing health and safety, Covid security and school condition, to be funded from a combination of School Condition Allocation grant and Special Provision Capital Fund grant balances.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	Creating safe, high performing learning environments for our children and young people.
Creating a compassionate council	Providing modern fit for purpose working environments.
Doing things with local residents, not to them	Collaborative approach to programme working with headteachers and

	governing bodies.
Being ruthlessly financially efficient	Preventative maintenance to avoid reactive responses.
Taking pride in H&F	Learning spaces that facilitate the borough's children acquiring the skills necessary to compete successfully in the future knowledge economy.
Rising to the challenge of the climate and ecological emergency	Investment in services and equipment that is modern and fit for purpose reducing eco footprint.

Financial Impact

- Capital grant balances are held with respect to the condition of schools' capital assets pending the development of the medium-term capital strategy for school assets.
- This report seeks approval for the immediate works required in schools pending this wider strategy and are shown below in table 1, together with their proposed funding source.

Table 1 – Capital and Revenue Budgets and Funding Source Proposed

Area of Expenditure	Budget Requested	Funding Source
Capital Budget Requested:	£	
Unplanned reactive maintenance	118,600	School Condition Allocation (SCA) Grant
Fire Stopping Works - Queensmill School	97,200	SCA Grant
Kitchen replacement - Cambridge School	65,100	Special Provision Capital Grant
ICT - Cambridge School	45,200	Special Provision Capital Grant
Groundworks	43,500	SCA Grant
General Build Works	39,200	SCA Grant
Drain and Drainage	16,800	SCA Grant
Electrical	2,500	SCA Grant and external contribution (75%)
Making Special schools Covid secure	97,000	Special Provision Capital Grant
Making Special schools Covid secure	23,000	SCA Grant
Capital Total	548,100	
Revenue Budget Requested:	£	
Asbestos	37,300	SCA Grant
CCTV	18,600	SCA Grant
Fencing	14,900	SCA Grant
De-Carbonisation Feasibility	11,300	SCA Grant
Structural Survey	3,600	SCA Grant

Revenue Total	85,700	
Total Capital and Revenue	633,800	

- Capital budget of £548,100 is requested to cover immediate priority works in 2020/21 financial year, inclusive of proposed budget for unplanned or reactive maintenance until 31st March 2021. This represents an initial phase of capital works to be commissioned in the fourth quarter of 2020-21 and, subject to approval, will be followed by a significantly larger schools capital programme being developed for a two-year programme across 2021-22 and 2022-23 financial years.
- As at October 2020 there are considerable capital grant balances held with respect to schools' asset condition and maintenance, with further grant funding due in 2020/21. Table 2 below sets out the grants available, proposed use of grants in 2020/21 and remaining grants available for the medium-term capital strategy from April 2021.

Table 2: Proposed sources of funding

	Bal. held October 2020/21	Grant funding due 2020/21	Total Available Grant 2020/21	Proposed Use of Funds 2020/21	Grant Available to Carry Forward
Grant Name	£	£	£	£	£
School Condition Allocation	5,172,888	376,008	5,548,896	329,300	5,219,596
School Maintenance Grant	3,347,743	0	3,347,743	0	3,347,743
Special Provision Capital Fund	554,149	0	554,149	304,500	249,649
Basic Needs Capital Grant Balance	5,641,534	202,437	5,843,971	0	5,843,971
Total	14,716,314	578,445	15,294,759	633,800	14,660,959

- The schools' estate condition surveys together with significant potential Salix Scheme projects mean that there are considerable resource requirements with respect to the capital balances and funding held and forecast which require strategic prioritisation and decision. The financial impact of the wider medium-term capital strategy for school assets will be included in any future decision.
- There is a potential significant commitment from these balances with respect to outstanding internal borrowing to pay for historic school windows works in schools. Until 2019/20 this was to be repaid from a capital funding allocation within the historic element of Central Services Dedicated Schools Grant (revenue) over a 25-year period. With reductions in funding from this grant from 2020/21, this is no longer affordable and will require a contribution in full

or in part from available capital balances. The value of outstanding internal borrowing at 31/03/20 was £7.885m.

8. The Hammersmith and Fulham Scheme for Financing Schools is clear that revenue expenditure should be met from delegated schools' revenue resources within maintained schools with capital infrastructure schemes being met from local authority managed capital grants. However, it should be noted that schools also receive devolved formula capital grants to meet minor capital expenditure as well as holding reserve balances in relation to unspent capital and revenue budgets from prior years. Therefore, the future strategy should take into account appropriate funding by and contributions from schools themselves.
9. There has been some revenue maintenance and asbestos management expenditure met in prior years from local authority Dedicated Schools Grant (revenue) and from the School Condition Allocation grant. It is proposed that these essential revenue maintenance works totalling £85,700 are met from SCA in 2020/21 pending clarification in the Autumn term of responsibility for funding works between the Local Authority and delegated schools' resources. The application of this grant to revenue maintenance spend is considered appropriate within the purpose of grant. There are no repayment conditions with respect to this grant from the Education and Skills Funding Agency.

Legal Implications

10. The Council has an obligation to ensure that the premises of schools which it maintains are maintained to prescribed standards in accordance with section 542 of the Education Act 1996 and regulations made under that section. The Schools Capital Programme of Works contributes to the fulfilment by the Council of that obligation.

Contact Officer(s):

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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The report seeks approval for the capital budget and revenue budget to deliver the immediate programme of works at Appendix A of this report.
2. Extensive stock condition surveys have been undertaken across the school's estate. Officers are currently collating these surveys and developing a medium-term strategy and a significant associated programme of works for the 2021-23 period, however in the interim there continues to be immediate priority works.
3. The 2018-2022 Business Plan sets out priorities around improving and supporting schools in the face of ongoing funding reductions which in turn requires creative approaches to bridge the gap. The Industrial Strategy aims to promote a model of inclusive growth which recognises the key role of schools in equipping residents with the skills and capability to benefit from the dynamism of our local economy. Learning spaces that facilitate the borough's children acquiring the skills necessary to compete successfully in the future knowledge economy will be critical.
4. Hammersmith and Fulham have high performing and popular schools. To maintain and further accelerate standards for education in the borough, improvement in our school estate is necessary. A proportion of the current estate contains post-war prefabricated buildings that do not match our ambition for excellence in teaching, learning and pupil wellbeing. Estimates from the current school stock condition surveys and other intelligence suggests that resolving all condition issues in the school estate would cost in excess of £17 million. The programme of works aims to reduce future maintenance burdens and improve the physical environment benefits to children's education.
5. The 2020-21 programme of immediate works is therefore an initial phase of works, intended for commissioning in the fourth quarter of 2020-21. A much more significant programme of works aimed at addressing the most serious condition issues in the school estate over the 2021-23 time period is under development and will be the subject of a separate report.
6. There are three categories of spend:
 - Schools have delegated budgets for revenue spend. All spend that is revenue in nature must be met by schools delegated budgets. Schools should contract and procure themselves according to their internal governance requirements and per the Scheme for Financing Schools.
 - Devolved Formula capital (DFC) is paid direct to schools. This annual grant should be used by schools to meet minor capital expenditure.

Schools will be required to submit their budget, monitoring and outturn statements identifying capital expenditure funded from DFC.

- School Condition Allocation (SCA) grant available to the local authorities for local-authority-maintained schools.

The programme detailed in Appendix A is proposed to be met from the School Conditional Allocation grant, The Special Provision Capital Fund and other external funding contributions.

Options and analysis

7. The options in relation to programmes of works are set out below.

Option 1 – do nothing

8. This option is not recommended. Our school estate features a number of prefabricated buildings, built after the second world war. These buildings are past their intended life span and make it harder for our schools to deliver an excellent education. Without the maintenance and capital programmes children will miss the opportunity to be educated in modern, fit-for-purpose schools. Schools will also experience greater financial pressures with money diverted from teaching resources into maintaining and repairing buildings.

Option 2 – Progress with capital programmes of maintenance

9. This option is recommended. There is a clear requirement to maintain our school estate to ensure our children are educated in safe, modern environments. Maintaining the estate will also help mitigate against unexpected expenditure across the portfolio whilst ensuring the building remain safe and compliant for our residents to be educated in.

Reasons for Decision

10. There is a significant amount of work to be completed to rationalise the medium-term capital strategy. This may require a further interim report for 2021/22 however Officers are working at pace to prioritise this programme of works.
11. Enables the Council to renew and maintain school buildings and help improve Children's educational outcomes utilising the grant funding received from the Department for Education for the school condition and maintenance programme.
12. The decisions enable the programme of works to proceed anchoring future collaboration between the Council and the wider school community.
13. A prioritised investment programme is required to enable planning and delivery of a structured capital programme over the medium-term. Future years School Condition Allocation Grants are yet to be confirmed.

Equality Implications

14. It is not expected that this programme of works will have any direct negative impact on any groups with protected characteristics, under the terms of the Equality Act 2010.

Implications verified by: Fawad Bhatti, Policy & Strategy Officer, tel. 07500 103617

Risk Management Implications

15. *Delivery of the capital programme is a mission critical issue, specifically following the impact of Covid on the local economy, employment and need to support projects that support recovery. The programme will enable the Council to renew and maintain school buildings, maintain health and safety and contribute to improving Children's educational outcomes utilising the grant funding received from the Department for Education for the school condition and maintenance programme. Works must be undertaken in a Covid safe manner following HM Government, building and construction industry and Health and Safety Executive guidance. Covid does however mean that there remains some uncertainty on delivering projects as planned and this is noted in paragraph 9 of the report which proposes a subsequent report if required.*

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

Consultation

16. In developing the programme of works consultation is undertaken with school head teachers and governing bodies to priorities the scheme for the financial year.

List of Appendices:

Appendix A – Schools Medium Term Capital Programme

Appendix A – Immediate Programme of Works to Easter 2021

The programme has been priority rated to identify priority works to be completed this financial year. Within each programme is an element of contingency (10%). The table below details the prioritised investment programme required to enable planning and delivery of a structured capital programme over the medium-term. Officers will prioritise work within available budgets.

Schools	Wards	Asset Number	£	Capital or Revenue	Financial Year	Area of work	Funding Source
Avonmore Primary School	Avonmore and Brook Green	20331	£12,400	Revenue	2020-2021	CCTV	SCA
Flora Gardens Primary School	Ravenscourt Park	20237	£6,200	Revenue	2020-2021	CCTV	SCA
Randolph Beresford School	Wormholt and White City	20256	£4,400	Capital	2020-2021	Drain and Drainage	SCA
Vanessa Nursery	Askew	20318	£3,700	Capital	2020-2021	Drain and Drainage	SCA
Wendell Park School	Askew	20330	£8,700	Capital	2020-2021	Drain and Drainage	SCA
Holy Cross RC / Marie Ecole D'Orlicac Primary School	Parsons Green and Walham		£2,500	Capital	2020-2021	Electrical	SCA and external contribution
Cambridge School	Wormholt and White City	20254	£1,900	Revenue	2020-2021	Fencing	SCA
Vanessa Nursery	Askew	20318	£3,100	Revenue	2020-2021	Fencing	SCA
William Morris 6th Form School	Fulham Reach		£9,900	Revenue	2020-2021	Fencing	SCA
Cambridge School	Wormholt and White City	20254	£39,200	Capital	2020-2021	General Build Works	SCA
Cambridge School	Wormholt and White City	20254	£43,500	Capital	2020-2021	Groundworks	SCA
Randolph Beresford School	Wormholt and White City	20256	£1,200	Revenue	2020-2021	Structural Survey	SCA
Sir John Lillie Primary School	North End	20292	£1,200	Revenue	2020-2021	Structural Survey	SCA

Vanessa Nursery	Askew	20318	£1,200	Revenue	2020-2021	Structural Survey	SCA
Cambridge School	Wormholt and White City	20254	£65,100	Capital	2020-2021	Kitchen replacement	SEN
Cambridge School	Wormholt and White City	20254	£45,200	Capital	2020-2021	ICT	SEN
Queensmill			£97,200	Capital	2020-2021	Fire Stopping Works	SEN
Asbestos Management Averyst	All	Various	£37,300	Revenue	2020-2021	Asbestos	SCA
Making Special schools Covid secure	All	Various	£97,000	Capital	2020-21	Enhancing Covid secure provision	SEN
Making Special schools Covid secure	All	Various	£23,000	Capital	2020-21	Enhancing Covid secure provision	SCA
Public Sector De-Carbonisation Fund	All	Various	£11,300	Revenue	2020-2021	Salix Grant Feasibility	SCA
Unplanned works	All	Various	£118,600	Capital	2020-2021	Unplanned reactive works (30% of total spend)	SCA
Allocated funds for essential works			£633,800				

Agenda Item 13

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 01/02/2021

Subject: 0-19 Public Health Nursing Procurement Strategy

Report of: Councillor Ben Coleman - Cabinet Member for Health and Adult Social Care

Report author: Susan Hughes - Programme Lead

Responsible Director: Lisa Redfern - Strategic Director of Social Care

Summary

Local Authorities have mandated responsibilities under the Health and Social Care Act 2012 to ensure the delivery of universal and targeted Health Visiting and School Nursing Services to the whole child population cohort. Clinically governed provision for the delivery of these services must be identified and commissioned by local authorities.

This report seeks approval of the procurement strategy which sets out the intention to tender for the delivery of a high quality and ruthlessly efficient, 0-19 years Healthy Child Programme service in Hammersmith and Fulham.

Recommendations

1. Appendix 2 and Appendix 4 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular 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 approve a direct award to Central London Community Healthcare Trust ('CLCH') for a period of 5 months from 1 April 2021 to 31 August 2021, for the total sum of £2,304,275.
3. To approve the Procurement Strategy for the re-procurement of a single contract for the delivery of the health visiting and school nursing service from 1 September 2021 as set out in Appendix 1, in accordance with the Council's Contracts Standing Order 18.1

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	Linking in with the development of new models in Children's Services and local community organisations; to ensure positive health and wellbeing outcomes for children young people and families.
Creating a compassionate council	Further enhancing our 0-19 offer will ensure that children are healthy and reach their potential and will give families greater choice and control over their lives. The service will work flexibly so that Children and Families are not constrained by service need or setting.
Doing things with local residents, not to them	The service specification will ask that the new provider ensures that coproduction with residents is at the heart of service design and delivery and ongoing review/improvement to ensure that their needs are being met and respond well in preparation for any changes of need. Hearing from service users directly will be part of the contract management of this service.
Being ruthlessly financially efficient	We are changing how we invest in line with other similar boroughs and shifting towards greater prevention and early identification by improving referral pathways into children's and adult Services.
Taking pride in H&F	Quality provision in collaboration with other services and focussing on prevention and early intervention will ensure positive health and wellbeing outcomes for all children and families. As a result, they can take pride in their in their Borough.
Rising to the challenge of the climate and ecological emergency	Providers will be expected to commit to environmental outcomes as part of their social value offer. There will also be an opportunity to retain some newer ways of delivering this service as a result of COVID-19; for instance; less travel of staff due to the delivery of some appointments virtually.

Financial Impact

- Benchmarking has shown that the service cost at LBHF for this area is higher than average compared to other London boroughs. The procurement of the 0-19 Public Health Nursing services is designed to both improve outcomes in this service area and reduce costs by aligning service provision with currently identified needs. The savings delivered will be reinvested in services delivering Public Health outcomes.
- This service is currently fully funded from the ringfenced Public Health Grant and will continue to be fully funded from this grant after re-procurement.

- Continuation of service provision is required until the procurement process is completed and a waiver for the extension of the current contract by 5 months will allow for this. The extension of the current contract will be at the same cost to the council as is currently incurred.

The exempt Appendix 2 contains additional financial implications

Legal Implications

- This report is recommending the approval of a Procurement Strategy in respect of a contract for the provision of the health visiting and school nursing service. The proposed services fall under the category of "Social and other Specific Services" under Schedule 3 the Public Contracts Regulations 2015 (PCR). This is known as the "Light Touch Regime" as it has more flexible procedural requirements than the standard requirements. The proposed contract is for an initial term of 5 years with plus two years and the total estimated cost for the lifetime of the contract is estimated to exceed the existing threshold for contracts under the 'Light Touch Regime' is £663,540. Therefore, the Light Touch Regime provisions under the PCR apply in full.
- In the absence of a suitable framework agreement a procurement exercise must be undertaken in order to comply with the PCR. However, under the 'Light Touch Regime' regulations 74-76 of the PCR only requires that a contract notice is placed and that some form of competitive exercise is undertaken which follows the principles of fairness and transparency. In practice it is often the case that in order to demonstrate fairness and transparency, it is easiest to adopt one of the standard procedures that apply to contracts not covered by the Light Touch Regime. The PCR require some sort of competitive award process to be undertaken, here it is proposed to adopt an open procurement process for the proposed contract. By adopting the open procedure, the Council would be able to demonstrate compliance with the PCR 2015.
- A contract notice must be published prior to the procurement process on Find a Tender (FTS) and shall be followed by a contract award notice at the conclusion of the procurement process.
- Tenders will be evaluated on the basis of the most economically advantageous tenderer to the Council. Evaluation methodology has been agreed by the project team and is set out in the procurement strategy. The split between quality and price is 70:30.
- As this is a services contract, the Council is also under an obligation under the Public Services (Social Value) Act 2012 to consider how the letting of these contracts can benefit the social, economic and environmental well-being of their area. These are factors which will be considered and built into the contract and procurement documents. The Council has recently adopted a Social Value policy which requires that 10% of the total scoring is for social value, which will be subject to assessment by an external assessor, a company called Social Value Portal. The requirements of the assessor and the Council's policy will need to be built into the tender documents.
- The total value of the proposed contract in accordance with CSO 16.1 is

considered a high value contract, in excess of £5m, CSO 18.1 provides that for a high value contract in excess of £5m, the approval process for the Procurement Strategy lies with Cabinet. Further, CSO 36 outlines the requirements for the Procurement Strategy which have been complied with in preparing this report.

- This report also recommends the direct award of a contract to Central London Community Healthcare Trust ('CLCH') for a period of 5 months from 1 April 2021 to 31 August 2021, for the total sum of £2,304,275. The value of the proposed direct award contract is above the EU threshold under PCR, therefore the PCR applies in full.
- A waiver of the competition requirements under the Council's Contract Standing Orders (CSOs) CSO 19.1 was granted on 16 December 2020 (Exempt Appendix 4) on the grounds that the contract is for services that are required in circumstances which are genuinely exceptional (CSO 22.3.6). The decision maker needs to be satisfied, based on the information set out in this report, that a direct award would be justified.

The exempt Appendix 2 contains additional legal implications

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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background

1. The 0-19 Public Health Services programme, including health visiting and school nursing, is currently delivered by the Central London Community Healthcare NHS Trust (CLCH). This contract is due to expire on 31 March 2021
2. In order to ensure the continuation of the 0-19 service until the proposed tender is completed a direct award is sought until 31 August 2021. This will enable commissioners to:
 - work with operational staff and residents to review and develop the service specification further through consultation and coproduction;
 - allow sufficient time for governance in order to put it to the market;
 - carry out a transparent competitive market process;
 - award and sufficiently mobilise with the new contract to commence at the end of the direct award period on 1 September 2021.

Proposals and Analysis of Options

Proposed delivery model

3. The children's public health commissioning responsibilities for the Council are to deliver:
 - targeted and universal health visiting services, including the Healthy Child Programme for 0-5 years, and five mandated health visiting reviews from antenatal stage through to when a child is 2.5 years.
 - targeted and universal school nursing provision for all schools including academies and free schools. This includes the Healthy Child Programme 5-19 years and the mandated National Child Measurement Programme (NCMP) at reception and year 6. School health teams will be aligned with Early Help Localities to improve multidisciplinary working. School health teams will participate in a "Team Around the Family" and "Team Around the School" approach.
4. It is recommended that the Council procure an external provider that will deliver the following functions:
 - Function One: Delivery of Health Visiting (0-5) including integrated delivery of Maternal Early Childhood Sustained Home Visiting (`MECSH`) targeted prevention (0-2);
 - Function Two: Delivery of the school nursing service (5-19 and 19 – 25 with SEND)

Model outline

5. The 4,5,6 model as set out in section 3 of Appendix 1 sets the contribution of Health Visitors and School Nurses to the Healthy Child Programme and to describe areas

where they will have significant impact on health and wellbeing and improving outcomes for children, young people, families and communities.

6. The model provides an evidence-based framework on which health visitors and school nurses, as leaders of the Healthy Child Programme, can maximise their contribution and make the biggest impact.
7. We propose to also introduce the MECSH model which is a structured programme for families at risk of poorer maternal and child health and development outcomes. It was developed as an effective intervention for vulnerable and at-risk mothers living in areas of socio-economic disadvantage and, unlike Family Nurse Partnership (FNP), has no age restrictions to whom can be accepted on to the programme. This is especially important for all families and children whose personal, social and emotional development have been negatively impacted as a result of the pandemic.
8. MECSH is delivered as part of a comprehensive, integrated approach which has shown positive outcomes for those children who have been part of this programme. This model is more flexible than FNP as it focuses on any vulnerable family and recognises that families can move in and out of high risk. Unlike FNP it is integrated into the health visiting service rather than being a stand-alone programme.

Proposed procurement route

9. It is proposed that the Council procure a new service as follows:

Contract	Type of service	Procurement method and evaluation
Integrated service as a single contract for five plus two (5+2) years with an annual contract value as set out in the exempt Appendix 2.	0-19 Public Health Nursing Service for the delivery of the Healthy Child Programme	Open procedure - It is recommended that the evaluation for the procurement of the contract uses a 30% price and 70% quality weighting to ensure the delivery of quality services

10. This is considered the best commissioning option to enable the Council to achieve its strategic objectives for the 0-19 Healthy Child Programme and the duration of contract is considered to offer sufficient time to embed and build a service which can make meaningful and measurable changes in population health and wellbeing.
11. A full analysis setting out all commissioning options considered for the service are reflected in the options appraisal in section 6 of Appendix 1. The alternative options considered were as follows:
 - To procure Health Visiting and School Nursing in two lots
 - Section 75 Agreement

- Bring in house
- Open tender for a combined children's services delivery model encompassing Children's Services and Public Health Nursing provision under one commissioned service. e.g. Essex Child and Family Wellbeing Service
- do nothing

Other Commissioning Options considered

12. Frameworks, multiple providers, dynamic purchasing models and similar flexible purchasing structures do not feature in this type of single provider delivery.

Procurement timeline

13. The table below sets out the indicative procurement timetable for recommissioning the 0-19 Healthy Child Programme (HCP):

What	When
Phase 1 – Co-producing and determining commissioning requirements	
Co-production with residents	Jan 20 – Feb 20 & July 20 – Sept 20
Service review and analysis of best practice models	Aug 20 – Oct 20
Consultation (Service users and Health, Social Care and Education Professionals)	Oct 20 – Nov 20 (4 weeks)
Issue of a Prior Information Notice	Oct 2020
Phase 2 – Governance and decision-making	
Officer governance and challenge	Nov 20 - Dec 20
Cabinet approval of procurement strategy & business case	Feb 21
Phase 3 – procurement and mobilisation	
Development of contract documents	Dec 20 – Jan 21
Tender submission and Evaluation period	Feb 21 – Apr 21 (10 weeks)
Cabinet Member approval for contract award	May 21
Contract award	End of May 21
Contract mobilisation	May 21 – Aug 21 (14 weeks)
Service commencement	1 Sept 21

Reasons for Decision

14. Local Authorities have mandated responsibilities under the Health and Social Care Act 2012 to ensure the delivery of universal and targeted Health Visiting and School Nursing Services to the whole child population cohort.
15. Requirements from the market for these types of services are CQC registration, high levels of clinical governance, appropriate organisational infrastructure and established track record of delivering Public Health Nursing services.

16. This type of population need requires the procurement of services with outstanding and clearly established clinical governance, safeguarding and health metric reporting structures. This type of expertise is sought from clinically appropriate providers.
17. We consider that the delivery model will ensure that:
 - 0-19 Public Health outcomes will be achieved
 - Investment in line with other similar boroughs and shift towards greater prevention and early identification by improving referral pathways into children's and adult services. Tenderers will be expected to set out how they will their interface with the local children's services and the team around the school and team around the family approach
 - a further enhanced 0-19 offer made available so that children are healthy, will reach their potential and offer families greater choice and control.
18. The new service model is also considered a key driver of cost avoidance for the Council. Within the service itself, the Healthy Child Programme (HCP) promotes improved outcomes along with increased value for money. This model will realise significant savings through:
 - a reduction in duplication
 - streamlined pathways
 - integrated management structure
 - development of skill mix
 - improved prevention of health and social care in the community, resulting in reduced needs in social care
19. This duration of contract is considered to offer sufficient time to embed and build a service which can make meaningful and measurable changes in population health and wellbeing.

Equality Implications

20. There are no anticipated negative implications for groups with protected characteristics, under the Equality Act 2010, by the approval of the procurement strategy outlined in this report.

Implications completed by: Fawad Bhatti, tel. 07500 103617.

Risk Management Implications

21. The services being commissioned are being tendered to ensure that a high-quality service continues to be delivered at the best cost to taxpayers. This is in accordance with the Council's approach in Being Ruthlessly Financially Efficient.
22. A timetable has been set out to ensure that a re-procurement is undertaken in an orderly manner and with appropriate governance. Continuity of service is also a core consideration and a direct award accompanies this proposal to ensure that the service users are unaffected. Consideration will naturally be given to the pandemic and its effects on service provision. Services delivered will be expected to act within HM Government, Health and Safety Executive, and Service Specific Covid safe operating guidance and any applicable regulations. Reference to external regulation and the Care Quality Commission are made in paragraph 15 of this report.

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

Digital Services

23. IT Implications: No IT implications are considered to arise from the proposal in this report. However, if the new contract results in a requirement for the service provider(s) to have interoperability with H&F systems or applications (such as Mosaic) Digital Services must be consulted to ensure that IT requirements are met and that all necessary safeguards, permissions and budgets are in place.
24. IM Implications: A Privacy Impact Assessment will need to be completed to ensure all potential data protection risks in relation to this proposal are properly assessed with mitigating actions agreed and implemented.
25. The contract arising from this report will need to include H&F's data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR). The supplier will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training.

Implications completed by: Karen Barry, Strategic Relationship Manager, Tel: 020 8753 3481

Social Value

26. As part of this procurement to ensure the Bidder provides added social value, we will attribute a tender weighting of 15% to this theme, in line with our Social value strategy. Social value KPI commitments will form part of contractual obligations.

Consultation

27. Full details of all the stakeholders consulted and to be consulted is included in Section 7 of Appendix 1.

List of Appendices:

Appendix 1 – 0-19 procurement strategy
Appendix 2 - Exempt financial and legal implications
Appendix 3 - Equality impact assessment
Appendix 4 - Exempt - Waiver

Appendix 1 – 0-19 Public Health Nursing Procurement Strategy

Procurement strategy - Contract for 0-19 Public Health Nursing Services

1. PROCUREMENT SCOPE – WHY THE PROCUREMENT IS NEEDED

- 1.1. This is the procurement strategy for universal child health services 0-19 years including health visiting for children aged 0-5 and school nursing for children aged 5-19. All contracts for these services are procured in line with the national healthy child programme (HCP) model which offers every family a programme of screening tests, developmental reviews, information and guidance to support parenting and healthy choices.
- 1.2. Universal and targeted health visiting includes the healthy child programme for 0-5 years, and five mandated health visiting reviews - antenatal (from 28 weeks pregnant); new baby; 6 – 8 weeks; 9 – 12 months and 2 - 2 ½ years. Universal and targeted school nursing provision includes the healthy child programme 5-19 years and the mandated National Child Measurement Programme (NCMP) at reception and year 6.
- 1.3. Local authorities have mandated responsibilities under the Health and Social Care Act 2012 to ensure the delivery of health visiting and school nursing services to the whole of the child population. Giving every child the best start in life is crucial to reducing health inequalities across the life course. The foundations for virtually every aspect of human development – physical, intellectual and emotional – are set in place during pregnancy and in early childhood. What happens during these early years has lifelong effects on many aspects of health and wellbeing, educational achievement and economic status.
- 1.4. Key national reports over recent years have reinforced the significance of early intervention and the provision of more targeted support to children and their families. Extensive evidence in the field of public health shows that this type of population intervention, prior to early intervention, significantly reduces all needs across the life course. We are procuring public health nursing and social care in tandem with wider early help services ensuring a common team around the school and team around the family model. Health visitors and school nurses are the only professional groups of local authority commissioned practitioners who seek unidentified health and social care needs in the community of all children and are best placed to identify, meet and report population needs.
- 1.5. The statutes and national guidance set out the services which must be delivered and quarterly outcome metrics which are reported to and published by Public Health England. Extensive guidance is published in how the law should be interpreted and implemented in public health nursing – the services must deliver nationally specified requirements and locally identified needs. The service objectives are clearly defined and prescribed in 'National Commissioning Guidance for Local Authorities'. Outcomes of this whole population provision are reported to Public Health England and reported quarterly per local authority in nationally published reports.
- 1.6. This service is required by law to support all children in the borough regardless of established need and requires the procurement of services with clearly established clinical governance, safeguarding and health metric reporting structures. This type of expertise is not typically present in wider local authority structures, subsidiaries or the voluntary sector. The service requires experienced senior management and

Appendix 1 – 0-19 Public Health Nursing Procurement Strategy

clinical leadership and a team of qualified nursing staff who form an intrinsic part of an established health organization, with a track record of delivering specific government led health outcomes to the whole population. Commissioned providers must be Care Quality Commission (CQC) registered and have sufficient clinical governance structures to offer safeguarding for both clinical and health responsibilities. This is a legal requirement as defined by the Health and Social Care Act 2008 (updated 2012) and (Regulated Activities) Regulations 2014.

2. MARKET ANALYSIS

2.1. Public health markets

The type of marketplace for this public health provision differs from the marketplaces for children's social care provision and for CCG health commissioning. Public health nursing delivers a suite of preventative interventions for whole populations and the identification of needs in the community. Services are run by either a single organisation, or on rare occasions Health Visiting and School Nursing may be separated into two lots and procured from two providers or provided in-house.

- 2.2 Contrasting with social care and individual healthcare (CCG) markets, public health nursing does not comprise packages of care for individuals where unit prices and costs can be easily compared across providers. Public Health Nursing comprises a workforce and a management structure charged with meeting the needs of a whole population.
- 2.3 The Marketplace for 0-19 public health nursing services is usually buoyant and competitive with a significant number of providers applying to deliver services in local authorities where these services are put out to open tender. The Market for this type of clinically governed provider is dominated by NHS Trusts and a small number of private providers. These organisations have existent, established clinically governed structures suitable for the delivery of public health nursing.
- 2.4 Local authorities rarely deliver public health nursing in house. It is usually the case that social care departments do not have the clinical staff and expertise even at the most senior director levels to provide adequate clinical governance to oversee public health nursing delivery.
- 2.5 If considering a model where numerous all Children's Services are procured in one service either the commissioner raises the standards of all Children's Services to sit within a provider with appropriate levels of clinical governance to satisfy public health requirements or public health nursing is excluded from scope for clinical governance and safeguarding reasons.
- 2.6 **Market Testing** - A PIN notice was placed in OJEU and on the capital sourcing portal to advertise the supplier engagement event which was held on the 11 November 2020. The event was held in order to inform suppliers on the proposed service model and gain feedback and comments on the model, proposed contract length and proposed price: quality split. The event was attended by representatives from 5 organisations who all expressed an interest. These were Solutions for Care, Virgin care, Central London Community Healthcare NHS Trust, Central and North West London NHS Foundation Trust and BFB Labs Ltd. Feedback on the proposed Procurement Strategy including social value and the service model was positive.

Appendix 1 – 0-19 Public Health Nursing Procurement Strategy

3. PROCUREMENT ROUTE OPTIONS AND CONSIDERATIONS

- 3.1 It is recommended that the Council externally source a clinically governed provider (as detailed in option 1) to deliver the 0-19 service with high levels of clinical governance, appropriate organizational infrastructure and established track record of delivering public health nursing services.

Option 1 – proceed to open tender – integrated service as one lot (Recommended)

Pros	Cons
Transparent process which is compliant with the procurement regulations;	Extensive commissioning process to secure appropriate provider
Allows market testing, provider innovation and best value	Restricted to established clinical providers
Reduced legal challenge as providers have opportunity to bid	
Safeguarding compliance by clinical evaluation of tenders	

3.1.1. Other options considered were as follows:

Option 2 – Procure Health Visiting and School Nursing in two lots

Pros	Cons
Potential to align services more closely by age.	Increases level of resource to commission and contract manage and a risk to clear delivery to whole child population
Clinical governance requirements remain at same level but may be utilised for school nursing may be less in practice (same level of requirement, less likelihood of requirement)	Two services/ potentially two providers to manage and monitor
Finances are separated, school nursing may gain stronger focus alone.	Most local authorities moving away from this model based on experience of managing it.

Option 3– Section 75 Agreement

Pros	Cons
Allows direct award benefits for Local Authorities and NHS providers	Requires a legal statement that there is no known available market for these services which does not apply in H&F
NHS providers offer well established Clinical Governance arrangements, appropriate workforce requirements and CQC compliance. CQC level good or above.	Pooling of resources with the CCG or the NHS Trusts is not desirable in this instance; evidence that this leads to backfill of poorly performing services and under investment in health visiting and school nursing services with consequent safeguarding risks .
Enables the pooling of resources where	Limited ability to contract manage

Appendix 1 – 0-19 Public Health Nursing Procurement Strategy

this can be shown to be the best option and will improve the health of the local population	compared to commercially tendered services. No resource to contractual mechanisms for poor performance
	Procurement risk; Surrey Council challenged in 2017 over Section 75 award and lost to private provider Virgin care.

Option 4 – Bring services in-house

Pros	Cons
Gives full management and budgetary control to public health function	Clinical Governance structure not existent within H&F to make this possible. Significant cost and risk implications if sought to create this
No need for competitive procurement process	
Potential cost savings in management charges	
No risk of procurement challenge	

Option 5 – Open tender for a combined children’s services delivery model encompassing both children’s and public health nursing provision under one commissioned service. E.g. Essex Child and Family Wellbeing Service.

Pros	Cons
Services are evaluated for quality in a tendering process.	This was attempted before and was not achieved
Synergies of delivery and contract management drawn together under one umbrella organisation	Public Health statutory obligations to clinical governance would apply resulting in requirement for different providers for existing children’s commissioned services
Innovative approach to delivery and flexibility to explore new models.	A combined delivery model would be more complex to both commission and manage

Option 6 – Seek a waiver under the CSO 22.3.6: “there are other circumstances which are genuinely exceptional”.

Pros	Cons
Postpones decision at this time of uncertainty in context of COVID	Not compliant with PCR 2015
Guarantees a nursing workforce at a time where this may not be replaceable	Persists with a service which in the exceptional circumstances is not fully able to deliver as contracted.
Guarantees some public health outcomes.	Further delays improved value for money by delaying further a recommissioned service

Option 7 – do nothing

This is not an option as the current contract (via a direct award) will expire on 30 August 2021 and services are mandated under the Health and Social Care Act.

Appendix 1 – 0-19 Public Health Nursing Procurement Strategy

Other Commissioning Structure Options

- 3.2 Frameworks, multiple providers, dynamic purchasing models and similar flexible purchasing structures do not feature in this type of single provider delivery.

4. RISK ASSESSMENT AND PROPOSED MITIGATIONS

- 4.1 A risk assessment has informed this procurement strategy covering clinical governance requirements, TUPE and staffing requirements, risk of legal challenge, engagement or stakeholders, partners and service users, use of public health grant and the legal requirements for these services.

5 FINANCIAL INFORMATION

- 5.1 Public Health Nursing delivers The Healthy Child Programme (HCP) which is funded through the ring-fenced Public Health Grant. The financial envelope for Public Health Nursing Services based on per capita modelling for these services should be between £3.5 and £4.5 million per annum. The forecast saving is expected to be £800k per annum from 1 September 2020.
- 5.2 Modelling has been undertaken demonstrating that these figures are commensurate with funding offered to these services in other London local authorities. The financial envelope is described over the contract duration with expected efficiencies to be generated through more integrated service delivery, clearer pathways and better information sharing between services.
- 5.3 The predominant focus of health visiting services is on the very significant majority of families and children in a local authority who never have any involvement with children's social care or special educational needs services. Some of the focus of health visiting is directed to families with greater needs identified in the HCP as 'partnership plus' levels of need, but these families are referred into social services when identified needs exceed those met by the preventive nursing role. Operational overlaps are limited and therefore the opportunities to make efficiencies are also limited.
- 5.4 The school nursing service has an inverse relationship with Education Services: education is delivered to the whole population of children, but school nurses focus their day to day work on children in schools where individual health needs are identified. Where School Nurses do deliver universally to all children is in the National Child Measurement programme in which all children in YR and Y6 are weighed and measured annually, as mandated under the Health and Social Care Act 2012.
- 5.5 Savings could be made in management charges currently applied to the service as delivered by the NHS Trust. Modelling of staffing and on costs in the current service suggest that at least 50% of the current funding for Public Health Nursing is expended on management charges.

Appendix 1 – 0-19 Public Health Nursing Procurement Strategy

- 5.6 Within the service itself, the HCP promotes improved outcomes along with increased value for money. This model will achieve savings through a reduction in duplication, streamlined pathways, integrated management structure, development of skill mix and improved prevention of health and social care in the community, resulting in reduced needs in social care. The specific and unique qualities of the HCP are the focus on primary prevention and promotion of resilience and wellbeing in families. The model offers prevention with early identification through universal engagement and the earliest intervention to either directly support families or ensure they can help themselves. This reduces the number of complex issues arising later that would otherwise cost the council and wider health economy more. The more we can help families to be resilient and enable them to help themselves and know where to access support when they need it, the less draw there will be on the Council's other services.
- 5.7 These outcomes are typically shown in improvements in educational attainment, particularly readiness for schools, youth offending, emotional wellbeing of parents/carers and therefore their capacity to be strong and effective parents promoting good attachment

6 COMPETITION PROCESS

- 6.1 It is proposed that an open competitive tender is ran via Capital E Sourcing. Bidders must be CQC registered and have sufficient clinical governance structures to offer safeguarding for both clinical and health responsibilities. Minimum 'good' CQC level. Services will be delivered under a single contract between the Local Authority and the provider of 0-19 Public Health Nursing Services.
- 6.2 The table below sets out the indicative timetable of activity for recommission of the 0-19 (HCP):

What	When
Phase 1 – Co-producing and determining commissioning requirements	
Co-production with residents	Jan 20 – Feb 20 & July 20 – Dec 20
Service review and analysis of best practice models	Aug 20 – Oct 20
Consultation (Service users and Health, Social Care and Education Professionals)	Oct 20 – Dec 20 (8 weeks)
Issue of a Prior Information Notice	Oct 2020
Phase 2 – Governance and decision-making	
Officer governance and challenge	Nov 20 – Jan 20
Cabinet approval of procurement strategy & business case	Feb 21
Phase 3 – procurement and mobilisation	
Development of contract documents	Dec 20 – Jan 21
Tender submission and Evaluation period	Feb 21 – Apr 21 (10 weeks)

Appendix 1 – 0-19 Public Health Nursing Procurement Strategy

Cabinet Member approval for contract award	May 21
Contract award	End of May 21
Contract mobilisation	May 21 – Aug 21 (14 weeks)
Service commencement	1 Sept 21

7 SELECTION AND AWARD CRITERIA

- 7.1 An evaluation panel will be formed to review and score the submitted tender documents. The panel will be comprised of appropriately qualified public health, early help, education, commissioning and procurement colleagues as well as parent and young people representatives.

Technical and commercial weighting

- 7.2 Evaluations will be focused on examining how the proposal will deliver a quality service (technical) with a weighting of 70% to reflect the clinical governance requirements and the cost of the service (commercial) with a weighting of 30% .
- 7.3 Key considerations for scoring the services will be breakdown of staffing, projected coverage of mandated health reviews for children aged 0-5 and dedicated time allocated to community and wider health undertakings. The Evaluation panel will also consider how well the bids set out their interface with the local Children's Services and the team around the school and team around the family approach. The Team Around the School approach provides a strong foundation which supports children, young people and their families by refocusing resources on prevention rather than crisis intervention. It also provides the infrastructure for agencies to continue to work together to improve outcomes for children, young people and their families from 0 to 25.

Social Value

- 7.4 Public Sector organisations have an obligation under the Public Services (social value) Act 2012 (SVA) to consider how each procurement might improve the economic, social and environmental well-being in a way that achieves value for money as well as generating benefits to society and the economy, whilst minimising damage to the environment. Social value is intrinsic to the delivery of effective 0-19 services as they seek prevent health inequalities and improve the health and wellbeing of children and young people. Social value and community benefits will be built into the contract award criteria.

Price: Quality Ratio

- 7.5 It is recommended that the evaluation for the procurement of the contract uses a 30% price and 70% quality weighting to ensure the delivery of quality services. As part of the open tender there will be a Qualification stage and only those tenderers who pass all aspects of this will have their quality and price submissions evaluated. The tenderer who submits the lowest price will be awarded the full 30% available.

Price

- 7.6 A maximum of 30% will be available for price and will be assessed as follows:

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Price sub-criteria	Award weightings	Rationale
Health Visiting and School Nursing	30%	Tenders that are submitted between £3.5m and £4.5m per annum.
Total	30%	n/a

Quality

- 7.7 The maximum score available for Quality will be 70%. Tenderers will be assessed against several award criteria. The table below outlines the criteria/factors to be used to score quality, along with their individual weightings and rationale for each.

Quality sub-criterion	Award weightings	Rationale
Implementation Plan	15%	<p>The tenderers proposal will need to demonstrate that they have a robust mobilisation plan for mobilising the Service. The plan should include, without limitation and take the form of;</p> <p>A Gantt chart – setting out the activities required to establish the Services, timescales and who / the roles that would be accountable for delivery;</p> <p>A risk log – identifying and quantifying risk, and proposing actions to reduce the likelihood and / or mitigate the impact of identified risks;and</p> <p>An explanatory narrative supporting the above and detail of any resources the tenderer is willing to commit prior to the commencement date.</p> <p>The Plan should include regular contact with the Authority Representative</p> <p>The Plan should include how they will ensure the safe transfer of child health information from the current provider and ensure service continuity for children and schools.</p>
Service Plan for Service Development and Continuous Improvement	10%	<p>The Tenderer's proposal for the service plan, including without limitation; the evidence it is based on, how it will be imaginative and innovative in the provision of the School Health Service and in tackling child health inequalities. The proposal should include how they think the landscape of children's health and wellbeing is changing and what they will do to innovate accordingly</p> <p>The proposal should include how it will achieve all the outcome targets stated in the service specification.</p> <p>Your submission must include a quarterly breakdown of their submitted outcomes, how they will achieve those over the 5 year</p>

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		contract period and outline plans for the locations where they will deliver services.
Partnership working with the community of Early Help, health and education professionals including interface with an existing overarching Children's Social Services models	12%	The tenderer's proposal will need to demonstrate as to how it will work with the Childrens Services, health and educational professionals and the local voluntary and community sector to maximize improvement in health outcomes.
Service Plan for Data Management	10%	<p>The Tenderer's proposal for data collection and management, which should cover (but not be limited to) the following:</p> <p>How data will be collected;</p> <p>How data quality will be ensured;</p> <p>How data will be stored;</p> <p>How data will be provided to commissioners (please refer to KPIs and the service specification);</p> <p>How data on outputs and outcomes will be recorded and reported;</p> <p>What data sharing arrangements the provider will plan to put in place;</p> <p>How will existing child health records be transferred from the current provider;</p> <p>How data will be used to evaluate the effectiveness of the service; and</p> <p>How will data be used to improve health and education outcomes at the key transitions between home and school, and from primary to secondary school.</p>
Staffing – structure, management, retention, qualifications, terms, and conditions LLW	10%	Staff are critical to successful services. The tenderers proposal will explain how it will organised and structure their staffing resources, including training, staff progression and retention.
Improve resident employment, education, and training opportunities	10%	The tenderers proposal must demonstrate how they will work in partnership with other local statutory and community and voluntary sector providers to deliver improved outcomes for residents
Health and Safety of Service Users and Staff including Safeguarding (and approach to risk)	11%	The Tenderers proposals on how it will fulfil the safeguarding requirements as set out in the Specification, including but not limited to ensuring continuity of care for children and families between the Health Visiting and School Health Services.
Added/social value	15%	We want to understand what organizational and financial added value providers will bring to meet the service specification requirements.
Co-production and social inclusion	7%	We want to see innovative approaches to co-production

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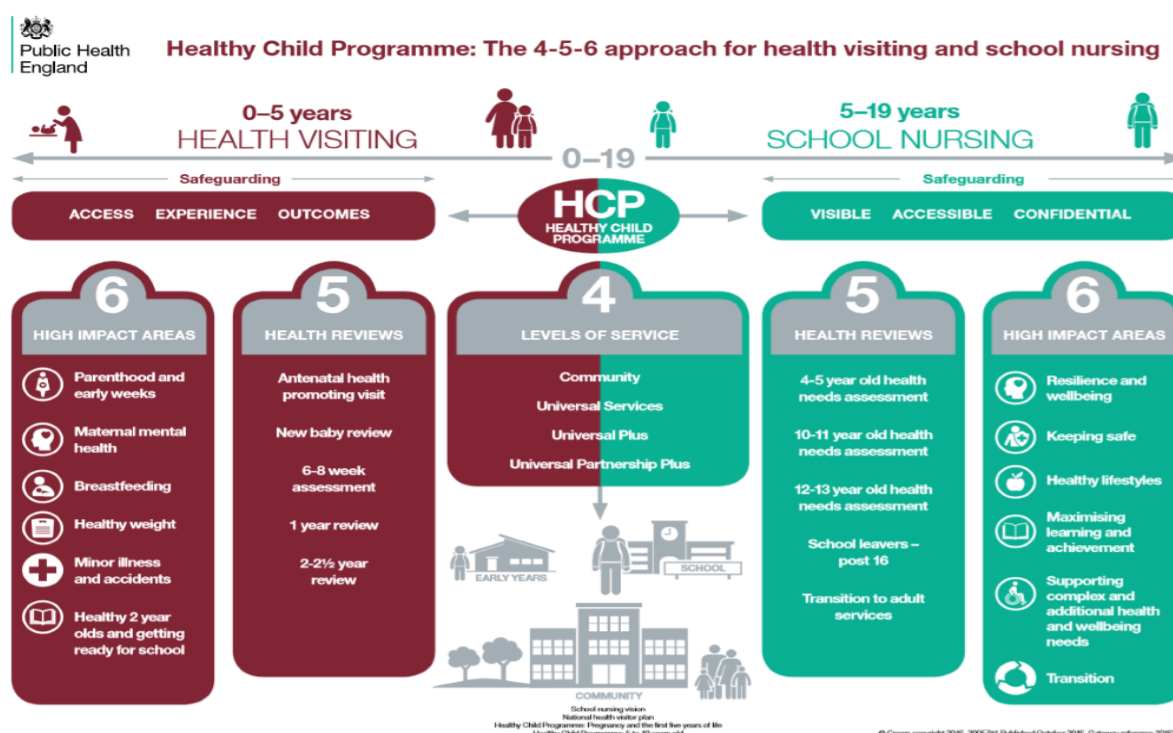
Contingency plan which considers Brexit and COVID-19.	n/a	This are is not weighted as part of the evaluation but will be required as part of the tenderers submission.
Total	*100%	n/a

*Scores are then equated to a mark out of 60

8 CONTRACT PACKAGE, LENGTH AND SPECIFICATION THE SERVICES

Health visiting children aged 0-5

- 8.1 A universal health visitor review is an assessment and review of health and development in line with the Healthy Child Programme (HCP). The HCP describes the core purpose of health and development reviews to: “assess family strengths, needs and risks; give mothers and fathers the opportunity to discuss their concerns and aspirations; assess growth and development; and, detect abnormalities early
- 8.2 Although the HCP 0-5 is offered to all families, it provides opportunities for more extensive preventative work with families who are vulnerable or have additional needs, in line with the principle of universal proportionalism. This is set out nationally in a 4-5-6 integrated model for school nursing of: 4 levels of service provision; 5 health reviews; and 6 high impact areas as illustrated below:



- 8.3 The four-service provision show the difference between the universal public health population cohort with universal or common health needs, and the much smaller Social Services cohort with more acute social care and health needs: Public Health Nursing refers families into Social Services at the top of its tiers of intervention. From a social services perspective, ‘Early Help’ for individual families begins where Public Health Nursing is nearing the end of its scope. The Four levels of need described in the HCP are:

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- community - includes the work of the service as a whole in providing specialist advice and supporting local health service planning;
- universal - ensures all families receive the five mandated health visitor checks;
- universal plus offer - available to children and their families with additional needs but who do not require social care input. Offers rapid response when specific expert help is needed; and,
- universal partnership plus offer - available to children who are suffering or likely to suffer significant harm (i.e. threshold for child protection). Addresses wellbeing needs within the scope of Public Health, likely to be referred to social care for any additional needs.

- 8.4 We propose to also introduce the Maternal Early Childhood Sustained Home visiting (MECSH) function which is a structured programme for families at risk of poorer maternal and child health and development outcomes. It was developed as an effective intervention for vulnerable and at-risk mothers living in areas of socio-economic disadvantage and, unlike Family Nurse Partnership (FNP), has no age restrictions to whom can be accepted on to the programme. This is especially important for all families and children whose personal, social and emotional development have been negatively impacted as a result of the pandemic.
- 8.5 MECSH is delivered as part of a comprehensive, integrated approach which has shown positive outcomes for those children who have been part of this programme. This model is more flexible than FNP as it focuses on any vulnerable family and recognises that families can move in and out of high risk. Unlike FNP it is integrated into the health visiting service rather than being a stand-alone programme.

School nursing - children aged 5-19

- 8.6 Local authorities are currently the commissioners of school nursing services for local government funded schools and academies however academies or free schools also receive their own budget for school nursing from the weight management programme and vaccinations. The format of the school nursing service is not set out in legislation, consequently school nursing services configuration and delivery varies across England. However, non-statutory guidance produced by the Department of Health and Public Health England in collaboration with SOLACE outlines a continuum of support that children and young people should expect through school nursing and multi-disciplinary working.
- 8.7 The recommendations include a four-level service model with varying levels of support offered, similar to the model for the 0-5 programme: a community offer; a universal offer; universal plus offer; and a universal partnership plus offer. The 4-5-6 offer is also considered to be best practice in school nursing as follows:
- **Community** - School nurses have an important public health leadership role in the school and wider community - for example, contributing to health needs assessment, designing services to reach young people wherever they are, providing services in community environments and working with young people and school staff to promote health and wellbeing within the school setting. In particular school nurses will work with others to increase community participation in promoting and protecting health, thus building local capacity to improve health outcomes.

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- **Universal Services** - School nurses will lead, coordinate and provide services to deliver the HCP to the 5–19 years population. They will provide universal services for all children and young people as set out in the Healthy Child Programme, working with their own team and others including health visitors, general practitioners and schools.
- **Universal Plus** - School nurses are a key part of ensuring children, young people and families get extra help and support when they need it. They will offer 'early help' (for example through care packages for children with additional health needs, for emotional and mental health problems and sexual health advice) through providing care and/or by referral or signposting to other services. Early help can prevent problems developing or worsening.
- **Universal Partnership Plus** - School nurses will be part of teams providing ongoing additional services for vulnerable children, young people and families requiring longer term support for a range of special needs such as disadvantaged children, young people and families or those with a disability; those with mental health or substance mis-use problems and risk taking behaviors. School nursing services also form part of the high intensity multi-agency services for children, young people and families where there are child protection or safeguarding concerns.

8.8 For school nurses this means providing a service for children, young people and families at four levels with safeguarding being a core part of each level right through from universal services education about protective behaviors, to working as part of a team providing high intensity services where these are needed.

8.9 The National Child Measurement Programme (NCMP) is a nationally mandated element of the Government's strategy to tackle obesity. The NCMP, established in 2005, aims to weigh and measure the pupils in two school year groups (reception and year 6) and provides population-level surveillance data, as well as local-level data, which can be used to inform local planning and delivery of services, and is set out in National Child Measurement Programme Regulations 2008. Responsibility for the Programme transferred to local authorities as set out in The Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013.

Contract Length

8.10 It is recommended that the contract term be awarded for a minimum of 5 years with an option to extend by a further 2 years. This duration of contract is considered to offer enough time to embed and build a service which can make meaningful and measurable changes in population health and wellbeing.

Engagement of stakeholders, partners and service users

8.11 The Council has undertaken formal consultation in respect of these services in accordance with the legal obligations. A range of stakeholders' views have been and are currently being sought. Their feedback is central to the development the service model. The new service model is being developed in the light of:

- findings/themes emerging from the 0-19 public health nursing services review via an online community engagement platform Commonplace. This is currently being accessed by Health, Education and Social Care (including Health Visitors and School Nurses) professionals as well as parents and young people;

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- support from the 0-19 steering group;
- interviews with young people including the SEND Advisory Group; output from various stakeholder groups attended by relevant stakeholders including Children's Services, SEND and Early Years working groups, schools, CCGs and the local voluntary organisations;
- engagement through workshops, parenting groups including BME groups, the Youth Council and the Head Teachers forum;
- workshops and consultations on any specific issues highlighted i.e. with Midwifery advisory group;
- national guidance; and
- learning from other London Boroughs and other areas in the country

Consultation

8.12 Stakeholder consultation is ongoing, but the following themes have emerged and are informing the service specification development:

- a progressive, universal approach to transition needs to be taken with clear pathways for those needing additional support;
- there is a need to develop protocols for robust sharing of information between social care, health and learning services which should limit bureaucracy and be seamless enabling support rather than hindering it and ensuring compliance with the Data Protection Act;
- there are other professionals working with young people who deliver elements of the HCP and who are currently unrecognized;
- quality assurance and evaluation of services should be given priority so that there is a stronger focus on outcomes and quality rather than just on activity;
- quality assurance and client friendly services will enhance outcomes and needs to be consistent across the borough. Award schemes and branding of services is an effective way to promote them to children, young people and families – e.g. PACE Setter, "You're Welcome";
- schools are a setting for delivery if it is supported and needs led with adequate training and effective delivery through appropriate professionals who may be school staff or from other agencies. There is an opportunity in Hammersmith and Fulham to utilize the Healthy Schools London model and adapt it for improving the approach to prevention and health outcomes within schools, colleges and learning settings;
- responsibilities of the different elements of health services should be clearly set out. For example, responsibility for health input into Health Care Plans is often passed between CCG and local authority and a lack of clarity can ensue in cases which are unclear. Health Visitors and School Nurses are often required to spend a disproportionate amount of their time attending case conferences to the detriment of their key responsibilities;
- that School Nurses should be more visible, and roles clearly set out - many parents have reported that they are not clear on the role the School Nurse;
- that schools are clear on what to expect from school nursing (SN) services to include: how SNs are allocated to schools, SN time at safeguarding meeting, data returns, the role of SN in PHSE, menstrual poverty and the co-ordination of NCMP

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- there are synergies that could be sought in the delivery of 2-year reviews. GPs typically reported dissatisfaction with the degree to which they are able to engage with Health Visitors in particular.

9 CONTRACT MANAGEMENT

9.1. The contract will be managed from within Health and Social Care Commissioning and operations teams utilising robust contract management and supplier relationship tools and techniques. This will include a multi-agency approach to the management of the contract involving key representatives from Health and other relevant sectors, working together to ensure that the service provides the best possible support to children and families. There will also be annual contract review meetings.

9.2. The role of the contract manager will include:

- managing expectations and relationships between stakeholders;
- ensure that coproduction is evident in terms of service delivery;
- conducting periodic surveys with staff to get their views of the service and their employer;
- ensuring the obligations of all parties are met;
- managing commercial and operational risk (including financial stability, ethical performance, and quality control);
- managing change and ensuring due governance is undertaken;
- Aligning contract delivery to residents' needs and the commercial and operational objectives of the Council;
- performance management and reporting; and
- seeking opportunities for increased and added value and fostering innovation.

9.3. As a minimum the provider will be expected to ensure that regular service user and stakeholder consultation occurs at all levels of service and that this evidences to commissioners the ways in which service user feedback has been incorporated into service planning and delivery.

Mandated Outcomes

9.4. The mandated undertakings described in this Strategy are reported to Public Health England quarterly, and published for comparison next to data from all Local Authorities in London and England. A Provider with a clear understanding of what this entails, and the technical systems required to deliver this effectively are a critical element of the service provision. Therefore, Clinical Governance is such a key requirement of this service

9.5. The main requirement which a provider of these services must deliver from the first quarter of business operation would be the Early Years Minimum Data set (EYMDS). This requires an established workforce with experience, a management structure experienced in this type of data and its acquisition to identify and resolve any undeliverable, and a Healthcare IT system such as System One or EMISS, such as is used by GPs and NHS Trusts, in order to capture and report the data.

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VISION
To improve and protect the nation's health and wellbeing and improve the health of the poorest fastest
Outcome measures
Outcome 1) Increased healthy life expectancy, i.e. taking account of the health quality as well as the length of life
Outcome 2) Reduced differences in life expectancy and healthy life expectancy between communities (through greater improvements in more disadvantaged communities)

Alignment across the Health and Care System

- * Indicator shared with the NHS Outcomes Framework.
- ** Complementary to indicators in the NHS Outcomes Framework
- † Indicator shared with the Adult Social Care Outcomes Framework
- †† Complementary to indicators in the Adult Social Care Outcomes Framework

Public Health Outcomes Framework 2016–2019

At a glance

Hammersmith and Fulham Structure 2020

Children

1 Improving the wider determinants of health
Objective
Improvements against wider factors which affect health and wellbeing and health inequalities
Indicators
1.01 Children in low income families
1.02 School readiness
1.03 Pupil absence
1.04 First time entrants to the youth justice system
1.05 16-18 year olds not in education, employment or training

Children

2 Health improvement
Objective
People are helped to live healthy lifestyles, make healthy choices and reduce health inequalities
Indicators
2.01 Low birth weight of term babies
2.02 Breastfeeding
2.03 Smoking status at time of delivery
2.04 Under 18 conceptions
2.05 Child development at 2 – 2 ½ years
2.06 Child excess weight in 4-5 and 10-11 year olds
2.07 Hospital admissions caused by unintentional and deliberate injuries for children and young people under 25
2.08 Emotional well-being of looked after children
2.09 Smoking prevalence – 15 year olds
2.10 Self-harm
2.11 Diet

Children

3 Health protection
Objective
The population's health is protected from major incidents and other threats, whilst reducing health inequalities
Indicators
3.01 Fraction of mortality attributable to particulate air pollution
3.02 Chlamydia diagnoses (15-24 year olds)
3.03 Population vaccination coverage

Children

4 Healthcare public health and preventing premature mortality
Objective
Reduced numbers of people living with preventable ill health and people dying prematurely, whilst reducing the gap between communities
Indicators
4.01 Infant mortality* (NHSOF 1.6)
4.02 Proportion of five year old children free from dental decay** (NHSOF 3.7)
4.03 Mortality rate from causes considered preventable** (NHSOF 1a)

Adults

1.06 Adults with a learning disability / in contact with secondary mental health services who live in stable and appropriate accommodation† (ASCOF 1G and 1H) ** (NHSOF 2.5)
1.07 Proportion of people in prison aged 18 or over who have a mental illness
1.08 Employment for those with long-term health conditions including adults with a learning disability or who are in contact with secondary mental health services†† (NHSOF 2.2) †† (ASCOF 1E) ** (NHSOF 2.5) †† (ASCOF 1F)
1.09 Sickness absence rate
1.10 Killed and seriously injured casualties on England's roads
1.11 Domestic abuse
1.12 Violent crime (including sexual violence)
1.13 Levels of offending and re-offending
1.14 The percentage of the population affected by noise
1.15 Statutory homelessness
1.16 Utilisation of outdoor space for exercise / health reasons
1.17 Fuel poverty
1.18 Social isolation † (ASCOF 1f)

Adults

2.12 Excess weight in adults
2.13 Proportion of physically active and inactive adults
2.14 Smoking prevalence – adults (over 18s)
2.15 Drug and alcohol treatment completion and drug misuse deaths
2.16 Adults with substance misuse treatment need who successfully engage in community-based structured treatment following release from prison
2.17 Estimated diagnosis rate for people with diabetes mellitus
2.18 Alcohol-related admissions to hospital
2.19 Cancer diagnosed at stage 1 and 2** (NHSOF 1.4v 1.4vi)
2.20 National Screening Programmes
2.22 Take up of the NHS Health Check programme – by those eligible
2.23 Self-reported well-being
2.24 Injuries due to falls in people aged 65 and over

Adults

3.04 People presenting with HIV at a late stage of infection
3.05 Treatment completion for TB
3.06 Public sector organisations with board approved sustainable development management plan
3.08 Antimicrobial Resistance

Adults

4.04 Under 75 mortality rate from all cardiovascular diseases (including heart disease and stroke)* (NHSOF 1.1)
4.05 Under 75 mortality rate from cancer* (NHSOF 1.4)
4.06 Under 75 mortality rate from liver disease* (NHSOF 1.3)
4.07 Under 75 mortality rate from respiratory diseases* (NHSOF 1.2)
4.08 Mortality rate from a range of specified communicable diseases, including influenza
4.09 Excess under 75 mortality rate in adults with serious mental illness* (NHSOF 1.5)
4.10 Suicide rate** (NHSOF 1.5a)
4.11 Emergency readmissions within 30 days of discharge from hospital* (NHSOF 3b)
4.12 Preventable sight loss
4.13 Health-related quality of life for older people
4.14 Hip fractures in people aged 65 and over
4.15 Excess winter deaths
4.16 Estimated diagnosis rate for people with dementia * (NHSOF 2.6)

9.6. We consider that the model will ensure that 0-19 Public Health outcomes will be achieved, that we invest in line with other similar boroughs and shift towards greater prevention and early identification by improving referral pathways into children's and adult services. We will:

- commission an enhanced 0-19 offer so that children are healthy, will reach their potential and offer families greater choice and control
- commission a provider that is flexible and innovative in its approach to link into any current or emerging models (we will do this through the contract by requiring one specific project per quarter that responds to local emerging needs and trends). This will be built into the specification.
- ensure that service users are not constrained by service need or setting.

Key Performance Indicators (KPI's)

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- 9.7.** KPIs will be derived from the Healthy Child Programme and are existent in the current local authority contract with the present provider of these services.
- 9.8.** Local assessment of needs has provided minor new additions and variations to the KPIs which are required from this service, both qualitative and quantitative, with a heavy focus on prevention in all measures. The new contract will seek clear qualitative measures alongside the public health outcome measures, and these will be developed with service users alongside a quality standard which will allow service users and commissioners to assess how well the service is working.

APPENDIX 3

H&F EQUALITY IMPACT ANALYSIS TOOL

CONDUCTING AN EQUALITY IMPACT ANALYSIS

An EQIA is an improvement process which helps to determine whether our policies, practices, or new proposals will impact on, or affect different groups or communities. It enables officers to assess whether the impacts are positive, negative, or unlikely to have a significant impact on each of the protected characteristic groups.

The tool has been updated to reflect the new public sector equality duty (pseud). The duty highlights three areas in which public bodies must show compliance. It states that a public authority must, in the exercise of its functions, have due regard to the need to:

- 1. Eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited under this act;**
- 2. Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;**
- 3. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.**

Whilst working on your equality impact assessment, you must analyse your proposal against the three tenets of the equality duty.

H&F Equality Impact Analysis Tool

Overall information	Details Of Equality Impact Analysis
Financial year and quarter	2021/22
Name and details of policy, strategy, function, project, activity, or programme	<p>0-19 Public Health Nursing Services Procurement Strategy</p> <p>Short Summary</p> <p>Approval is sought in the procurement strategy to procure a new contract for the delivery of 0-19 Public Health Nursing services.</p> <p>The council will seek to commission an external provider to deliver an integrated healthy child and public health nursing programme for 0 to 19 year olds to be operational from 1 sept 2021.</p> <p>it is proposed that the following functions will be commissioned under a single contract from 1 September 2021:</p> <ul style="list-style-type: none"> • function one: delivery of health visiting (0-5) including the delivery of mecsh targeted prevention • function three: delivery of the school nursing service (5-19 (25) <p>The service will be provided by Specialist Public Health Nurses - either Health Visitors or School Nurses.</p> <p>It is proposed that the elements of this programme will include:</p> <ul style="list-style-type: none"> • Public health nursing - including the 4-5-6 service model from the antenatal period up to 19 years for children, young people and families (transitional support for young people up to 25 years with SEND). • Support for all children, young people and families at four service levels (community, universal, universal plus and universal partnership plus). • Early identification of need, screening, 5 developmental health reviews, focus on high impact areas, and the provision of the National Child Measurement Programme (NCMP) • Health improvement with a focus on prevention including MECSH

- Work towards integration with children's services, social care and the local third sector.
- We consider that this model will ensure:
- 0-19 Public Health outcomes will be achieved
- we invest in line with other similar boroughs and shift towards greater prevention and early identification by improving referral pathways into Childrens and adult Services.
- A further enhanced 0-19 offer so that children are healthy, will reach their potential and offer families greater choice and control.

The new service will continue to deliver the Healthy Child Programme 0-19 which is a statutory programme developed by the Department of Health. The Healthy Child Programme will offer every family a programme of developmental reviews, information and guidance to support parenting and promote healthy choices and identifies families that need additional support. This is currently delivered to all children and young people by health visitors, school nurses, and a range of other professionals such as maternity services, early year's services and education services.

The service integrates care across the 0 to 19 age range removing artificial barriers created by transition from health visiting to school nursing services. Professionals will work across the 0 to 19-year-old age range in locality-based teams so they can better know and support families.

To families, the service will be received as a single, streamlined service with shared language, culture and branding and service delivery will be equitable across the borough. In order to integrate care the service will share resources and skill mix across the 0 to 19 years pathway, recognizing professional registration and specialisms where appropriate.

A single assessment process or tool will be developed to capture core information and build on this as appropriate across a child or young person's life course. Referral pathways onto other services will be smooth.

The key features of the proposed new model are:

- a) Nine universal reviews delivered in line with the Healthy Child Programme, widely promoted via a core offer

	<p>and supported by universal access to advice and support (drop-ins)</p> <ul style="list-style-type: none"> b) Four levels of provision, based on need and delivered in line with the Healthy Child Programme, with safeguarding at the core c) Targeted support and evidence-based interventions, focused on the Department of Health's high impact areas d) Health promotion across the life-course the service model and associated impacts of change was informed by a programme of engagement with service users, parents and carers, the current workforce, professionals and partner organisations. e) The service will need it be flexible and responsive to need and that Children, Young People and Families are not constrained by service need or settings. <p>The proposals are in the process of being formally consulted on to inform the development of the final model. There will be no adverse impact for Hammersmith & Fulham residents. All residents currently receiving a service will continue to receive an enhanced service. It is important to note that any changes in service delivery will involve consultation with parents, families and children to ensure people retain complete choice and control.</p>
Lead officer	<p>Susan Hughes Programme Lead Susan.Hughes@lbhf.gov.uk</p>
Date of completion of final EIA	<p>(AWAITING OUTCOME OF CONSULTATION)</p>

Section 02	SCOPING OF FULL EIA		
Plan for completion	Timing: 2021-22		
	Resources: Susan Hughes – Programme Lead; Christine Williams- Strategic Lead Tim Lothian – Procurement Officer		
Analyse the impact of the policy, strategy, function, project, activity, or programme	Analyse the impact of the policy on the protected characteristics (including where people / groups may appear in more than one protected characteristic. You should use this to determine whether the policy will have a positive, neutral, or negative impact on equality, giving due regard to relevance and proportionality.		
	Protected characteristic	Analysis	impact:

	Age	<p>All resident parents and children attending school in the borough will be entitled to receive support from this service from antenatal stage (28 weeks gestation) to when the child is 19 years or 25 with SEND.</p> <p>It is proposed to introduce the Maternal Early Childhood Sustained Home Visiting (MECSH) model which is a structured programme for families at risk of poorer maternal and child health and development outcomes. It was developed as an effective intervention for vulnerable and at-risk mothers living in areas of socio-economic disadvantage and, unlike Family Nurse Partnership (FNP), has no age restrictions to whom can be accepted on to the programme. This is especially important for all families and children whose personal, social and emotional development have been negatively impacted as a result of the pandemic.</p>	Positive
	Disability	<p>All children and young people and their families (0-19) who are resident or attending school in the local authority area will receive the Healthy Child Programme (HCP) universally proportionate to need. The service will ensure equality of access for all children and young people aged 0-19 years (25 years with SEND) and their families.</p> <p>The special needs nursing team will provide clinical care to children and young people with complex health needs or disabilities who attend special/mainstream schools/social care settings. The service will offer targeted intervention and support for parents in navigating the support they require for children who have additional needs or long-term health conditions.</p> <p>Health Visitors will work in partnership with other services in supporting the assessment of the education health and care plans for children between 0-5 through sharing information about the child's and family's needs and reviewing in collaboration with other services what they can do to support the delivery of these plans and making sure the</p>	Positive

		appropriate health visiting services form part of the high intensity multi-agency services for families where there are safeguarding and child protection concerns.	
	Gender reassignment	<p>Trans young people in Hammersmith and Fulham might be in greater need of additional support. Indicators of this could include reluctance to use the school/setting toilets, reluctance to do physical exercise especially if it is strongly associated with the assigned birth gender, including a reluctance to use the showers and changing rooms, self-harm, not eating or being the victim of bullying, which could include homophobic and biphobic as well as transphobic bullying.</p> <p>School nurses will be part of a 'whole' school or setting approach which will ensure that any trans young people and their families are supported within a culture and whole school setting that celebrates difference and diversity and where all young people can see themselves reflected and valued.</p>	Positive
	Marriage and Civil Partnership	There are no identified impacts for marriage and civil partnerships.	Neutral
	Pregnancy and maternity	All families with a child aged 0-5 years and all pregnant women currently resident in the local authority area must be offered the HCP. As a minimum there must be a named Health Visitor for every family up to 1 year of age and for all children 0-5yrs identified as having needs at the Universal Plus/ Partnership Plus levels. Promotion of the service website and access to a range of information should be promoted.	Positive

		MECSH families should have a dedicated nurse to support the mother during pregnancy, and the first 2 years of their child's life, or during periods of vulnerability.	
	Race	<p>The majority of children in Hammersmith and Fulham (54%) are White. The next highest category is Black/African/Caribbean/Black British, at 19%, followed by Mixed/multiple ethnic group, at 12%. These groups can be further broken down to show the diversity within the borough:</p> <ul style="list-style-type: none"> • The vast majority of the "white" population are White British (72%), with 25% Other White and smaller numbers of Irish and Gypsy or Irish Traveller. • Within the Black group, 54% of children and young people reported as African, 21% as Caribbean and 24% as from 'Other Black' ethnic backgrounds. <p>All children and young people and their families (0-19) who are resident or attending school in the local authority area will receive the Healthy Child Programme (HCP) universally proportionate to need.</p> <p>The service will be expected to ensure equality of access for all residents, provide culturally sensitive services and deal robustly with all incidents of racially motivated harassment, violence and/or abuse.</p> <p>Health Visitors and School Nurses will lead in ensuring that families know about a range of health services for children, young people and their families and that these services are made accessible to everyone. This includes linking families with services such as the charity Midaye who provide a holistic service of advocacy support for FGM-affected women.</p> <p>We are aware of the need for greater BAME representation within the public health nursing workforce and the positive impact this will have on these communities. We will be seeking assurances and a plan to address this from the provider as part of the overall offer.</p>	Positive

	Religion/belief (including non-belief)	<p>There are no identified negative impacts for religion/belief.</p> <p>The new service will be expected to support residents to practice their religion/beliefs.</p>	Neutral
	Sex	<p>There are no negative impacts for sex</p> <p>The service will be expected to ensure equality and access and treatment for all residents. The provider will be required to highlight any particular themes identified related to sex and how they will be addressed through the contract and associated service delivery.</p> <p>School Nurses have a role in supporting children and young people to develop positive relationships and good mental health. They do this through supporting PSHE and Relationship and Sex Education within schools but also through 1:1 direct intervention.</p>	Positive
	Sexual Orientation	<p>There are no identified negative impacts for sexual orientation.</p> <p>The service will be expected to ensure equality of access and treatment for all residents, provide sensitive services and deal robustly with all incidents of homophobic harassment, violence and/or abuse.</p> <p>A child or young person wishing to discuss any anxieties they feel about their sexual orientation could do so with a school nurse. The nurse would be able to assess any impact on their mental wellbeing as well as being able to signpost to local support groups.</p> <p>The service will be expected to ensure equality of access and treatment for all residents; provide sensitive services and deal robustly with all incidents of homophobic harassment, violence and/or abuse.</p>	Positive
	Human Rights or Children's Rights		

	<p>If your decision has the potential to affect Human Rights or Children's Rights, please contact your Equality Lead for advice</p> <p>Will it affect Human Rights, as defined by the Human Rights Act 1998?</p> <p>No</p> <p>Will it affect Children's Rights, as defined by the UNCRC (1992)?</p> <p>No</p>
Section 03	<p>Analysis of relevant data</p> <p>Examples of data can range from census data to customer satisfaction surveys. Data should involve specialist data and information and where possible, be disaggregated by different equality strands.</p>
Documents and data reviewed	
New research	<p>A full Child Health Needs assessment has been undertaken by Public Health in support of this procurement. The key normative findings of the exercise are an increasing child population, diverse local needs and increasing numbers of children with special educational needs and seeking social care support including those needing mental health support.</p> <p>The distribution of the population of children and young people in Hammersmith and Fulham is not uniform across the wards of the borough. Three of the 16 wards have over 3,000 children and young people living there.</p> <p>The population of children and young people in the borough is expected to increase by approximately 3,500 between 2019 and 2024, to a total population of 42,900 in 2024.</p> <p>The distribution of children and young people across the borough is not uniform. The wards in the North have higher proportions of children and young people from BME groups; the wards in the South are generally have lower populations.</p>

Section 04	CONSULTATION
Consultation	<p>The Council is undertaking formal consultation in respect of these services in accordance with the legal obligations. The views of a range of stakeholders, partners, health, social care and education professionals and service users have been and are currently being sought. Their feedback is central to the development of the strategy, service model and specification which are being developed in the light of:</p> <ul style="list-style-type: none"> • findings/themes emerging from the 0-19 public health nursing services review via an online community engagement platform Commonplace. This is currently being accessed by Health, Education and Social Care (including Health Visitors and School Nurses) professionals as well as parents and young people; • support from the 0-19 steering group; • interviews with young people including the SEND Advisory Group; output from various stakeholder groups attended by relevant stakeholders including Children's Services, SEND and the Early Years working group, schools, CCGs and the local voluntary organisations; • engagement through workshops, parenting groups including BME groups, the Youth Council and the Head Teachers Forum; • workshops and consultations on any specific issues highlighted i.e. with Midwifery advisory group; • national guidance; and • learning from other London Boroughs and other areas in the country
Analysis of consultation outcomes	<i>Ongoing</i>
Section 05	ANALYSIS OF IMPACT AND OUTCOMES
Analysis	<p>The following themes have emerged and are informing the service specification development:</p> <ul style="list-style-type: none"> • a progressive, universal approach to transition needs to be taken with clear pathways for those needing additional support; • there is a need to develop protocols for robust sharing of information between social care, health and learning services which should limit bureaucracy and be seamless enabling support rather than hindering it and ensuring compliance with the Data Protection Act;

	<ul style="list-style-type: none"> • there are other professionals working with young people who deliver elements of the HCP and who are currently unrecognised; • quality assurance and evaluation of services should be given priority so that there is a stronger focus on outcomes and quality rather than just on activity; • quality assurance and client friendly services will enhance outcomes and needs to be consistent across the borough. Award schemes and branding of services is an effective way to promote them to children, young people and families – e.g. PACE Setter, “You’re Welcome”; • schools are a setting for delivery if it is supported and needs led with adequate training and effective delivery through appropriate professionals who may be school staff or from other agencies. There is an opportunity in Hammersmith and Fulham to utilize the Healthy Schools London model and adapt it for improving the approach to prevention and health outcomes within schools, colleges and learning settings; • responsibilities of the different elements of health services should be clearly set out. For example, responsibility for health input into Health Care Plans is often passed between CCG and local authority and a lack of clarity can ensue in cases which are unclear. Health Visitors and School Nurses are often required to spend a disproportionate amount of their time attending case conferences to the detriment of their key responsibilities; • that School Nurses should be more visible, and roles clearly set out - many parents have reported that they are not clear on the role the School Nurse; • that schools are clear on what to expect from school nursing (SN) services to include: how SNs are allocated to schools, SN time at safeguarding meeting, data returns, the role of SN in PHSE, menstrual poverty and the co-ordination of NCMP; and • there are synergies that could be sought in the delivery of 2-year reviews. GPs typically reported dissatisfaction with the degree to which they are able to engage with Health Visitors in particular.
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Section 06	Reducing any adverse impacts and recommendations
Outcome of analysis	No adverse impacts are anticipated.

Section 07	Action plan					
Action plan	Note: You will only need to use this section if you have identified actions as a result of your analysis					
	Issue identified	Action (s) to be taken	When	Lead officer and borough	Expected outcome	Date added to business plan

Section 08	AGREEMENT, PUBLICATION AND MONITORING					
Chief officers' sign-off	Name: Position: Email: Telephone No:					
Key decision report (if relevant)	Date Of Report To Cabinet/Cabinet Member: Xx / Xx / Xx Key Equalities Issues Have Been Included: Yes/No					
Equalities lead (where involved)	Name: Position: Date Advice / Guidance Given: Email: Telephone No:					



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 JANUARY 2021 UNTIL MAY 2021

The following is a list of Key Decisions which the Authority proposes to take from January 2021. 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

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:	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. 102 (re-published 22 January 2021)

KEY DECISIONS LIST – FROM JANUARY 2021

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 (other relevant documents may be submitted)
CABINET MEMBER AND OFFICER DECISIONS				
Finance				
Cabinet Member for the Environment	January 2021	Annual Highways Maintenance Programme This report seeks approval of the annual highway maintenance work programme for 2020-2021. A key driver for this work is improving the quality of our street scene to give residents and businesses pride in the borough. This work is planned preventative maintenance, aimed at prolonging the life of the Highway infrastructure within the borough. We aim to improve efficiency and provide maximum value for money co-ordinating as far as possible maintenance works with the implementation of LIP projects. We are coordinating footways with the need to plan more trees so use our planned maintenance on footways to increase opportunities for adding tree pits.	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 Contact officer: Ian Hawthorn Tel: 020 8753 3058 ian.hawthorn@lbhf.gov.uk	
Cabinet Member for the Environment	January 2021	Highways Planned Maintenance Programme 2020-21 Highways Maintenance programme to renew a number of carriageways and footways in the borough as part of the asset management of the boroughs highway network. To ensure safety requirements under the Highways	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
	Reason: Expenditure/Income above £300K - Revenue up to £500k		Ward(s): All Wards Contact officer: Ian Hawthorn Tel: 020 8753 3058	

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>)
	and Capital up to 1.5m	Act 1980.	ian.hawthorn@lbhf.gov.uk	supporting documentation and / or background papers to be considered.
Cabinet Member for the Environment	January 2021	Proposals for the Noise and Nuisance team's revised service hours Review of the Hours of operation of the borough's Noise & Nuisance service	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 Contact officer: Valerie Simpson Tel: 020 8753 3905 Valerie.Simpson@lbhf.gov.uk	
Cabinet Member for Housing	January 2021	Replacement of Spandrel Panels (Medium and Low Risk Properties) Replacement of Spandrel Panels at the identified properties covering the stripping out of existing panels and renewing panels including carrying out, as required, all associated works.	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Dominic D Souza Dominic.DSouza@lbhf.gov.uk	
Strategic Director of the Economy Department	January 2021	DISPOSAL OF LAND ADJACENT TO JEPSON HOUSE TO A2DOMINION HOUSING GROUP The land adjacent to Jepson House, Pearscroft Road, SW6 2BS (the Site has a lapsed planning consent (reference 2016/01960/FR3) for the	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
	Reason: Expenditure/Income - Revenue between £500,000		Ward(s): Sands End Contact officer: Ayesha Ovaisi Tel: 020 8753 5584 Ayesha.Ovaisi@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	and £5m and Capital between £1.5m and £5m	demolition of the existing structures and redevelopment of the site to provide 33 affordable (social rent) residential units. A tender process using the Framework was carried out in December 2019 and this report sets out the recommendation to approve the disposal of the Site and appoint A2Dominion Housing Group to develop it .		supporting documentation and / or background papers to be considered.
Strategic Director for the Environment	Before 18 Jan 2021	Climate and Ecological Emergency – Expansion of Lamp Column Electric Vehicle Charge Points Having successfully secured £215,175 funding from OLEV for residential lamp column EV charge points, and negotiated the necessary 25% match funding of £72,000 from FM Conway, we are seeking permission to expand the network by a further 152 charge points using the existing LBHF term contract with FM Conway and CityEV.	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: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
			Contact officer: Richard Hearle Richard.Hearle@lbhf.gov.uk	
Deputy Leader	January 2021	Third Sector Investment Fund Report to agree forward plan for 3SIF.	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Katharina Herrmann Katharina.Herrmann@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
Cabinet Member for Housing	January 2021	Procurement Strategy – Dry to Wet Riser Conversion Works in Six (6) Blocks To appoint a Contractor to undertake conversion works of Dry Risers to Wet Risers in Six (6) Blocks to enhance fire safety.	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
	Contact officer: Richard Buckley richard.buckley@lbhf.gov.uk			
Cabinet Member for Housing	January 2021	Social Housing Decarbonisation Fund Demonstrator bid £1.5m Council contribution to receive £0.9m grant contribution to deliver 30 street properties with the innovative energiesprong approach to retrofit social housing (https://www.energiesprong.uk/). For these homes it will mean warmer and more energy efficient homes, a reduction in households' energy bills, and lower carbon emissions.	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
	Contact officer: Tony Embling Tel: 07769 197 655 tony.embling@lbhf.gov.uk			
Resources				
Director of Finance	January 2021	Banking Services Procurement Strategy Re-tender for the provision of banking services, as the current contract is due to expire in March 2020. Estimated value is £300k for a 10 year contract.	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
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
	Contact officer: Andra Ulianov Tel: 02087532284 Andra.Ulianov@lbhf.gov.uk			

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
				considered.
Strategic Director for the Environment	January 2021	Procurement strategy in relation to the procurement of books and audio materials for the libraries via a framework agreement For the Council to call off from the new two-year (plus two-year extension) framework agreement for the supply of library books and audio-visual materials at a total estimated cost for the initial two years of £200,000 (plus potentially a further £200,000). The award by WSCC will take place in mid-December 2019 and the new framework agreement will begin 1 April 2020.	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Sameena Ali Tel: 07824 407 247 Sameena.Ali@lbhf.gov.uk	
Cabinet Member for Health and Adult Social Care	January 2021	Approval to Directly Award the Elmgrove House Extra Care Contract and the intermediate care pilot to Notting Hill Genesis (NHG) Request to continue the extra care contract at Elmgrove with Notting Hill Genesis beyond the current contract end date for a further one year.	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Christine Williams, Joanna McCormick Tel: 0741207694 Christine.Williams@lbhf.gov.uk, Joanna.Mccormick@lbhf.gov.uk	
Director Children's Services	January 2021	Call-off Contract Extensions for Semi-Independent Living Support Providers Decision report recommending short-term extensions of up to six months from 12 April 2020 to 12 September 2020 to 16 call-off contracts to secure continuation of existing provision of semi-independent living (SIL) accommodation arrangements for Looked After Children and Young	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Will Parsons Tel: 0776 848 6764 Will.Parsons@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		People leaving care to enable continuity of these valuable services during the current Covid-19 outbreak.		background papers to be considered.
Cabinet Member for Children and Education	January 2021	Centrepoint Contract for Care Leavers Accommodation Decision report recommending the extension and modification of an existing supported housing contract delivered by Centrepoint Soho for the provision of accommodation-based support for young people leaving care.	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Will Parsons Tel: 0776 848 6764 Will.Parsons@lbhf.gov.uk	
Cabinet Member for the Environment	January 2021	Procurement Strategy for Land and Property System The IDOX Group currently provides the Council's land and property-based IT case management system (Uniform) for multiple regulatory services across the authority. The software is highly embedded within the organisation and underpins a large number of business processes and casework management. Its contract has expired and needs to be repurchased.	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: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Josh Hadley, Davina Barton Tel: 020 8753 1980, Josh.Hadley@lbhf.gov.uk, Davina.Barton@lbhf.gov.uk	
Cabinet Member for Health and Adult Social Care	January 2021	Emlyn Gardens - Adults with disabilities supported living procurement strategy Report seeks pre-tender approval for the procurement strategy which sets out the intention to tender for the specialist care and support service which will be provided at Emlyn Gardens	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
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital		Ward(s): Askew Contact officer: Michele Roberts Tel: 020 8834 4734 Michele.Roberts@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	up to 1.5m			documentation and / or background papers to be considered.
Strategic Director of the Economy Department	January 2021	Rough Sleeping Services Contract Awards Five rough sleeping service contracts expired on 31.10.20. Report will include recommendations about future contracts.	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Julia Copeland Tel: 0208 753 1203 julia.copeland@lbhf.gov.uk	
Director Children's Services	January 2021	Approval to agree contract with Family support Service (FSS) To enable to enter in to a contract with Family Support Service (FSS).	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Contact officer: Lesley Bell Lesley.Bell@lbhf.gov.uk	
Cabinet Member for Children and Education	January 2021	Contract Extensions on Family Support (FS) Framework To extend a series of contracts on the Family Support Service (FSS) framework and deliver savings required.	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and		Ward(s): All Wards Contact officer: Lesley Bell Lesley.Bell@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	Capital between £1.5m and £5m			documentation and / or background papers to be considered.
Cabinet Member for the Economy, Cabinet Member for Finance and Commercial Services	January 2021	Egyptian House - new housing and community facilities A property transaction that will result in housing units including affordable housing and community facilities. 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 the Economy, 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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Wormholt and White City Contact officer: Nigel Brown Tel: 020 8753 2835 Nigel.Brown@lbhf.gov.uk	
Cabinet Member for Housing	January 2021	Contract Award, Maystar Estate Refurbishment Award of contract to undertake major refurbishment works to Maystar Estate W14	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): North End Contact officer: Vince Conway, Richard Buckley Tel: 020 8753 1915, Vince.Conway@lbhf.gov.uk, richard.buckley@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Strategic Director for the Environment	January 2021	VAWG Services Award Report Decision to direct award frontline VAWG Services for 12 months	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: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
			Contact officer: Felicity Charles Tel: 02087534311 Felicity.Charles@lbhf.gov.uk	
Cabinet Member for Housing	January 2021	Procurement Strategy for DLO Materials Supplier Using a 3rd party framework to select a supplier for Merchant Services (Plumbing, electrical and general building goods and material supplies and fire safety materials) and bespoke managed storage services.	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Aldhun Levitt Aldhun.Levitt@lbhf.gov.uk	
Assistant Director for Growth	January 2021	Approval of Procurement Strategies for White City Central Scheme This report seeks the approval of two procurement strategies relating to the proposed redevelopment of the White City Central area.	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Wormholt and White City	
			Contact officer: Ayesha Ovaisi Tel: 020 8753 5584 Ayesha.Ovaisi@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Assistant Director for Growth	January 2021	Procurement Strategies for White City Central Approval of two procurement strategies for the White City Central scheme.	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Wormholt and White City	
			Contact officer: Ayesha Ovaisi Tel: 020 8753 5584 Ayesha.Ovaisi@lbhf.gov.uk	
Cabinet Member for Finance and Commercial Services	January 2021	MFD Reprourement The Council has a contract for the provision of multi-functional devices (printers, scanners and copiers) so that its staff can have access to print services in its offices. The contract is due for renewal in 2021.	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
			Contact officer: Josh Hadley Tel: 020 8753 1980 Josh.Hadley@lbhf.gov.uk	
Cabinet Member for the Economy	January 2021	Mund Street Site - Procurement Strategy for Design Team Procurement Strategy for Design Team	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): North End	
			Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet Member for the Economy	January 2021	Mund Street Site - Contract Award for Design Team Contract Award for Design Team	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): North End Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	
Cabinet Member for the Economy	January 2021	Mund Street Site - Procurement Strategy for Control Team Procurement Strategy for Control Team	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:		Ward(s): North End Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	
Cabinet Member for the Economy	January 2021	Mund Street Site - Contract Award for Control Team Contract Award for Control Team	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): North End Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	

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Cabinet Member for the Economy	January 2021	Farm Lane Site - Procurement Strategy for Design Team	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	Procurement Strategy for Design Team	Ward(s): Fulham Broadway	
			Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	
Cabinet Member for the Economy	January 2021	Farm Lane Site - Contract Award for Design Team	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	Contract Award for Design Team	Ward(s): Fulham Broadway	
			Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	
Cabinet Member for the Economy	January 2021	Farm Lane Site - Procurement Strategy for Control Team	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	Procurement Strategy for Control Team	Ward(s): Fulham Broadway	
			Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	

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Cabinet Member for the Economy	January 2021	Farm Lane Site - Contract Award for Control Team Contract Award for Control Team	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): Fulham Broadway	
			Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	
Cabinet Member for Children and Education	January 2021	Procurement Strategy for Young People and Care Leavers Supported Housing The purpose of this strategy is to set out proposed changes to in-borough commissioned supported housing services for young people at risk of becoming homeless and or at risk of entering the care system as a result of becoming homeless.	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
			Contact officer: Will Parsons Tel: 0776 848 6764 Will.Parsons@lbhf.gov.uk	
Cabinet Member for Health and Adult Social Care	January 2021	Community Equipment Call Off Extension Report This report seeks agreement to extend the contract to Medequip for the provision of Community Equipment services in Hammersmith and Fulham (H&F).	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Christine Williams Christine.Williams@lbhf.gov.uk	

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Cabinet Member for Health and Adult Social Care	January 2021	Contract extension for Floating Support Service Agree a contract extension as permitted under the original contract award for plus 2 years to Hestia for floating support services	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: Affects 2 or more wards		Ward(s): All Wards Contact officer: Lisa Henry Tel: 07584522952 Lisa.Henry@lbhf.gov.uk	
Strategic Director of Social Care	January 2021	Day Opportunities Contract awards Contract awards for three day centres for older people	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: Affects 2 or more wards		Ward(s): All Wards Contact officer: Lisa Henry Tel: 07584522952 Lisa.Henry@lbhf.gov.uk	
Cabinet Member for Housing	January 2021	Procurement Strategy: Stock Condition Surveys The report seeks approval to procure a specialist supplier to undertake stock condition surveys of the Council's assets and in particular a 100% survey of its HRA dwelling stock programmed over two years, incurring expenditure of up to £1.5m.	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: John Newton Tel: 0208 992 4887 john.newton@lbhf.gov.uk	

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Cabinet Member for Public Services Reform	January 2021	Managed services for temporary agency resources - approval to utilise previously agreed one year extension Managed services for temporary agency resources - approval to utilise previously agreed one year extension	Cabinet Member for Public Services Reform	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Mary Lamont mary.lamont@lbhf.gov.uk	
Cabinet Member for Health and Adult Social Care	January 2021	Extension of Incumbent Homecare Contracts This report seeks Cabinet member approval for the extension of the existing homecare contracts for 1year + 6 months + 6months.	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: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Christine Williams Christine.Williams@lbhf.gov.uk	
Cabinet Member for the Economy	January 2021	Lillie Road Site - Design Team Procurement Strategy Lillie Road Site - Design Team Procurement Strategy	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): North End	
			Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	

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Cabinet Member for the Economy	January 2021	Lillie Road Site - Design Team Award Report	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m	Lillie Road Site - Design Team Award Report	Ward(s): North End	
	Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk			
Cabinet Member for the Economy	January 2021	Lillie Road Site - Control Team Award Report	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m	Lillie Road Site - Control Team Award Report	Ward(s): North End	
	Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk			
Cabinet Member for the Economy	January 2021	Lillie Road Site - Control Team Procurement Strategy	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m	Lillie Road Site - Control Team Procurement Strategy	Ward(s): North End	
	Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk			

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Cabinet Member for Health and Adult Social Care	January 2021	Direct Award to Incumbent Substance Misuse Service Providers Report seeks the approval of a direct award of one year plus 3 months to the provision of substance misuse contracts to be delivered by the five incumbent providers.	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Rebecca Richardson Tel: 07827879659 rebecca.richardson@lbhf.gov.uk	
Strategic Director of the Economy Department	January 2021	Rough Sleeping Accommodation Contracts - Direct Awards The procurement of five existing contracts was delayed due to COVID. Contract arrangements need to be extended to maintain service continuity to vulnerable residents while we re-commence the procurement of new contracts.	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Julia Copeland Tel: 0208 753 1203 julia.copeland@lbhf.gov.uk	
Director of Finance	January 2021	Contract Award for Banking Services To award the contract for banking services following a full OJEU compliant tender exercise	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Phil Triggs ptriggs@westminster.gov.uk	

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Cabinet Member for Housing	January 2021	Procurement Strategy for complex void properties This report seeks approval of a Procurement Strategy for the undertaking of complex void works to council housing stock.	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
	Contact officer: Vince Conway Tel: 020 8753 1915 Vince.Conway@lbhf.gov.uk			
Director of Resources	January 2021	Caretakers Lodges Project The aim of the scheme is to generate income by redeveloping caretakers lodges into low rental, short term accommodation for teaching staff employed in H&F schools, after which they will have the option of accessing the Council wider affordable housing offer e.g. Shared Ownership or Help to Buy. A total of 18 lodges have been identified for repurposing across Academy and Community primary and secondary schools, all with the potential for development as shared teachers' accommodation. The discovery work has enabled a business case for investment in repurposing four lodges as affordable key workers houses to house a first cohort of teachers from September 2021. This is expected to deliver the Council immediate revenue benefits of between £63k and £113k from the schemes launch with a breakeven point from 2025/26 considering the upfront capital invested.	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
			Contact officer: Hannah parrott, Jonathan Skaife Jonathan.Skaife@lbhf.gov.uk	

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		<p>Works scheduled for 2021 are estimated to cost £555,481 and be paid for from Capital Planned Maintenance Budget.</p> <p>The Corporate Landlord Board, Children's Leadership Team and Cabinet Member have approved the business case for progression of the first four lodges</p>		
Cabinet Member for Children and Education	31 Jan 2021	FSS Framework Extension 2021/22 Extension of FSS framework for 1 year April 2021 - March 2022	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Lesley Bell Lesley.Bell@lbhf.gov.uk	
Cabinet Member for Housing	January 2021	Contract Award, Edward Woods external wall safety works This report seeks approval from the Cabinet Member for Housing to award a contract for the External Wall Safety Works at Edward Woods Estate	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): Shepherds Bush Green	
			Contact officer: Richard Buckley, Vince Conway Tel: 020 8753 1915 richard.buckley@lbhf.gov.uk , Vince.Conway@lbhf.gov.uk	

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Director of Resources	2 Feb 2021	Archives Relocation Seeks approval of the proposed procurement strategy to relocate the Archives services to identified out of borough storage facilities, and authority to commit capital resources to its execution, so that the contract can be awarded upon completion of the proposed tender exercise. Storage through a specialist out of borough provider has demonstrated to be the most cost-efficient solution within the available time frame, both with regards to annual storage charges and the support offer available throughout the relocation project lifecycle.	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Jonathan Skaife, Hannah parrott Jonathan.Skaife@lbhf.gov.uk	
Deputy Leader	Before 4 Feb 2021	Procurement Strategy for Violence Against Women & Girls services Procurement strategy for VAWG Services - Coordination and Integrated Support 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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Felicity Charles Tel: 02087534311 Felicity.Charles@lbhf.gov.uk	
Cabinet Member for the Environment	16 Feb 2021	Procurement Strategy and Contract Award Approval – ORCS Electric Vehicle Charge Points The Council has successfully secured £215,175 of funding from ORCS and this report now seeks approval for the Phase 4 procurement strategy to expand the residential lamp column charge point network through a direct award of a concession		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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and		Ward(s): All Wards Contact officer: Richard Hearle Richard.Hearle@lbhf.gov.uk	

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	£5m	contract.		background papers to be considered.
Strategic Director of the Economy Department	February 2021	Approval of the Procurement Strategy for the selection of a contractor The external repair and refurbishment of the Grade II Listed Building at Ravenscourt Park Tea House.	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/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Ravenscourt Park	
			Contact officer: Nilesh Pankhania Nilesh.Pankhania@lbhf.gov.uk	
Cabinet Member for Housing	Before 19 Feb 2021	Supported Accommodation Contract modification A modification to the end date of a supported accommodation contract is required.	Cabinet Member for Housing	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Julia Copeland Tel: 0208 753 1203 julia.copeland@lbhf.gov.uk	
Cabinet Member for Health and Adult Social Care	February 2021	Direct Award to Incumbent Substance Misuse Service Providers This report seeks the approval of a direct award of one year plus three months, (1+3m) to the provision of three substance misuse contracts and two grants to be delivered by the four incumbent providers CGL, Turning Point, Outside Edge and Build on Belief	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
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between		Ward(s): All Wards	
			Contact officer: Rebecca Richardson Tel: 07827879659 rebecca.richardson@lbhf.gov.uk	

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	£1.5m and £5m			background papers to be considered.
Director Children's Services	18 Feb 2021	Special Educational Needs and Disability – Procurement Strategy for the Information, Advice and Support Service and the Mediation and Dispute Resolution Service Procurement strategy for the SEND Information, Advice and Support Services (SENDIASS) contract, procurement of the Mediation and Dispute Resolution services, the direct award for the provision of SEND Information, Advice and Support Service (SENDIASS) and SEND Mediation and Dispute Resolution Services for an interim period of five months	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
			Contact officer: Paul Triantis, Hannah parrott Paul.Triantis@lbhf.gov.uk,	
Strategic Director for the Environment	18 Feb 2021	Refuge Direct Award Direct award refuge provision - 1st April 2021 - 31st March 2022.	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	
			Contact officer: Felicity Charles Tel: 02087534311 Felicity.Charles@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
CABINET - 1 FEBRUARY 2021				
Finance				
Cabinet	1 Feb 2021	REVENUE BUDGET AND COUNCIL TAX LEVELS 2021/22	Leader of the Council	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £100K	The Council is obliged to set a balanced budget and council tax charge in accordance with the Local Government Finance Act 1992 The 2021/22 revenue budget proposals are set out regarding, Council tax levels, Investment and savings proposals, Changes to fees and charges, Budget risks, reserves and balances and Equalities Impact Assessments.	Ward(s): All Wards Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk	
Cabinet	1 Feb 2021	FOUR YEAR CAPITAL PROGRAMME 2021/22 AND CAPITAL STRATEGY 2021/22	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/Income over £5m & policies or new income, reserves use, overspend over £100K	This report presents the Council's four-year Capital Programme for the period 2021 - 2025.	Ward(s): All Wards Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk	
Cabinet	1 Feb 2021	CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2020/21 (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
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend	This report provides a financial update on the council's capital programme (third quarter) and requests approval for budget variations to the capital programme.	Ward(s): All Wards Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	over £100K			background papers to be considered.
Cabinet	1 Feb 2021	Treasury Management Strategy Statement This report sets out the Council's Treasury Management Strategy for 2021/22.	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/Income over £5m & policies or new income, reserves use, overspend over £100K		Ward(s): All Wards	
			Contact officer: Emily Hill emily.hill@lbhf.gov.uk	
Cabinet	1 Feb 2021	Treasury Management Mid-Year Review Report This report sets out the Council's performance for the first 6 months of 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: Budg/pol framework		Ward(s): All Wards	
			Contact officer: Emily Hill emily.hill@lbhf.gov.uk	
Cabinet	1 Feb 2021	The Housing Revenue Account 2021/22 Budget and Rent Increase This report covers the 2021/22 budget for the Council's homes - the annual Housing Revenue Account (HRA) budget. The report includes recommendations on the annual rent and tenant service charges increases.	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: Budg/pol framework		Ward(s): All Wards	
			Contact officer: Danny Rochford Danny.Rochford@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
				background papers to be considered.
Cabinet	1 Feb 2021	Immediate Schools Capital Programme of Works to March 2021	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Budg/pol framework	<p>Immediate Schools Capital Programme of Works to March 2021</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Ward(s): All Wards</p> <p>Contact officer: Joe Gunning, Daryle Mathurin Tel: 07769672031, Tel: 07816 661199 Joe.Gunning@lbhf.gov.uk, Daryle.Mathurin@lbhf.gov.uk</p>	
Cabinet	1 Feb 2021	Dedicated School Grants	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £100K	<p>2021/22 Mainstream school budget shares including DSG block movements, special provision funding and falling roll fund decisions</p> <p>2021/22 DSG Central Schools Block Budget</p> <p>Draft 2021/22 DSG Early Years budget</p>	<p>Ward(s): All Wards</p> <p>Contact officer: Tony Burton tony.burton@lbhf.gov.uk</p>	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision	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	1 Feb 2021	Policing and Crime Commission Final Report The final report of the resident-led Policing and Crime Commission with recommendations for consideration.	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: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Matthew Hooper Tel: 07450 964 681 Matthew.Hooper@lbhf.gov.uk	

Resources

Cabinet	1 Feb 2021	Procurement Strategy for 0-19 Public Health Nursing Services	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/Income over £5m & policies or new income, reserves use, overspend over £100K	To approve the Procurement Strategy for the re-procurement of a single contract for the delivery of the health visiting and school nursing service from 1 September 2021	Ward(s): All Wards	
			Contact officer: Susan Hughes susan.hughes@lbhf.gov.uk	

CABINET - 1 MARCH 2021

Finance

Cabinet	1 Mar 2021	Approval of Queensmill Special School academy conversion	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation
	Reason: Affects 2 or more wards	A request to approve the recommendation to enable the conversion of Queensmill Special School to become an academy.	Ward(s): All Wards	
			Contact officer: Daryle Mathurin Tel: 07816 661199 Daryle.Mathurin@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
				and / or background papers to be considered.
Cabinet	1 Mar 2021	Improving private sector housing through discretionary property licensing Cabinet is asked to decide that officers should conduct a public consultation with a view to re-designating discretionary property licensings chemes from June 2022 for a further 5 years, with appropriate adjustments so as to focus on the streets and types of properties which cause the most significant problems.	Cabinet Member for Housing	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
	Contact officer: Ed Shaylor Ed.Shaylor@lbhf.gov.uk			
Cabinet	1 Mar 2021	Third Sector Investment Fund Budget and Allocation Agreeing the third sector investment fund budget and allocation for the period 1 April 2021 - 31 March 2023. 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.	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: Budg/pol framework		Ward(s): All Wards	
	Contact officer: Lisa Henry Tel: 07584522952 Lisa.Henry@lbhf.gov.uk			

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
Resources				
Cabinet	1 Mar 2021	Emergency Planning & Business Continuity Cabinet Report	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	A yearly summary of the Councils Emergency Planning and Business Continuity Activities	Ward(s): All Wards	
			Contact officer: Denise Prieto Tel: 0208 753 2286 Denise.Prieto@lbhf.gov.uk	
CABINET - 19 April 2021				
Finance				
Cabinet	19 Apr 2021	Education City - Land Appropriation	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: Budg/pol framework	S203 Appropriation	Ward(s): Wormholt and White City	
			Contact officer: Jacquie Agyemang-Johnson Tel: 07787 152733 Jacquie.Agyemang-Johnson@lbhf.gov.uk	
Cabinet	19 Apr 2021	Report to Request a Re-Purposing of the Stock Condition Capital Budget for IHMS	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
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and	The purpose of the report is to request approval for the re-purposing of the Capital Budget for the Stock Condition surveys to meet the cost of implementing the	Ward(s): All Wards	
			Contact officer: Dorothy Sturzaker Dorothy.Sturzaker@lbhf.gov	

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	Capital between £1.5m and £5m	new Integrated Housing Management System for The Economy.	.uk	supporting documentation and / or background papers to be considered.
Cabinet	19 Apr 2021	Corporate Revenue Monitor Month 9 - 31st December 2020 Update on forecast outturn position at 31st December. Request for budget virements	Cabinet Member for Finance and Commercial Services	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Gary Ironmonger Tel: 020 8753 2109 Gary.Ironmonger@lbhf.gov.uk	
Cabinet	19 Apr 2021	Approval to commit and draw down Section 106 receipts to fund economic development activity for financial year 2021/22 Approval to commit and draw down Section 106 receipts to fund economic development activity for financial year 2021/22.	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/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Kamal Motalib, Karen Galey Kamal.motalib@lbhf.gov.uk, Karen.Galey@lbhf.gov.uk	
Cabinet	19 Apr 2021	Housing Strategy 2021 Report on the Council's new Housing Strategy 2021.	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
	Reason: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Gerry Crowley, Beatrice McGuire	

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			Gerry.Crowley@lbhf.gov.uk, Beatrice.McGuire@lbhf.gov.uk	supporting documentation and / or background papers to be considered.

Resources

Cabinet	19 Apr 2021	Procurement Strategy - Remedial and Safety Enhancement Works at Edward Woods Estate	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/Income over £5m & policies or new income, reserves use, overspend over £100K	Remedial and safety enhancement works to the three (3) Edward Woods blocks (i.e. Poynter, Stebbing and Norland Houses).	Ward(s): Shepherds Bush Green	
			Contact officer: Richard Buckley, Vince Conway Tel: 020 8753 1915 richard.buckley@lbhf.gov.uk , Vince.Conway@lbhf.gov.uk	

CABINET - 10 May 2021

Finance

Cabinet	10 May 2021	Hammersmith & Fulham Modern Slavery Strategy	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: Budg/pol framework	This report will present a new Modern Slavery Strategy for Hammersmith & Fulham.	Ward(s): All Wards	
			Contact officer: Felicity Charles Tel: 02087534311 Felicity.Charles@lbhf.gov.uk	

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Resources				
Cabinet	10 May 2021	Procurement Strategy for Mental Health Supported Housing	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/Income over £5m & policies or new income, reserves use, overspend over £100K	Procurement strategy for our mental health supported housing in borough contracts.	Ward(s): All Wards	
		<p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Contact officer: Joanna McCormick, Michele Roberts Tel: 0741207694, Tel: 020 8834 4734 Joanna.Mccormick@lbhf.gov.uk , Michele.Roberts@lbhf.gov.uk</p>	