

COUNCIL AGENDA

ANNUAL COUNCIL MEETING

Wednesday 28 April 2021



The Mayor – Councillor PJ Murphy
Deputy Mayor – Councillor Daryl Brown

ADDISON

Adam Connell (L)
Rachel Leighton (L)
Sue Fennimore (L)

HAMMERSMITH
BROADWAY

Stephen Cowan (L)
PJ Murphy (L)
Patricia Quigley (L)

RAVENSCOURT PARK

Jonathan Caleb-Landy (L)
Bora Kwon (L)
Asif Siddique (L)

ASKEW

Lisa Homan (L)
Rowan Ree (L)
Rory Vaughan (L)

MUNSTER

Adronie Alford (C)
Alex Karmel (C)
Dominic Stanton (C)

SANDS END

Lucy Richardson (L)
Ann Rosenberg (L)
Matt Uberoi (L)

AVONMORE &
BROOK GREEN

David Morton (L)
Rebecca Harvey (L)
Fiona Smith (L)

NORTH END

Daryl Brown (L)
Larry Culhane (L)
Zarar Qayyum (L)

SHEPHERDS BUSH
GREEN

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

COLLEGE PARK &
OLD OAK

Alexandra Sanderson (L)
Wesley Harcourt (L)

PALACE RIVERSIDE

Amanda Lloyd-Harris (C)
Donald Johnson (C)

TOWN

Andrew Brown (C)
Belinda Donovan (C)
Victoria Brocklebank-
Fowler (C)

FULHAM BROADWAY

Ben Coleman (L)
Sharon Holder (L)
Helen Rowbottom (L)

PARSONS GREEN AND
WALHAM

Matt Thorley (C)
Mark Loveday (C)
Frances Stainton (C)

WORMHOLT AND
WHITE CITY

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

FULHAM REACH

Iain Cassidy (L)
Christabel Cooper (L)
Guy Vincent (L)

SUMMONS

Councillors of the London Borough of
Hammersmith & Fulham
are requested to attend the
Annual Meeting of the Council on
Wednesday 28 April 2021

This meeting will be held remotely

Members of the public can watch the meeting
live on YouTube: youtu.be/rJD4Tj hv-x0

The Council will meet at 6.30pm

20 April 2021
3 Shortlands
Hammersmith W6

Kim Smith
Chief Executive

Full Council Agenda

28 April 2021

<u>Item</u>		<u>Pages</u>
1.	ELECTION OF THE MAYOR	
2.	PRESENTATION BY THE YOUTH MAYOR AND YOUTH COUNCIL	
3.	APOLOGIES FOR ABSENCE	
4.	DECLARATIONS 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>	
5.	MINUTES	7 - 19
	<p>To approve the minutes of the meeting held on 25 February 2021.</p>	
6.	MAYOR'S/CHIEF EXECUTIVE'S ANNOUNCEMENTS	
7.	ITEMS FOR DISCUSSION/COMMITTEE REPORTS	
7.1	PARTY APPOINTMENTS FOR THE 2021-22 MUNICIPAL YEAR	20
	<p>The Council is asked to note the Party appointments for the Municipal Year 2021/22.</p>	

7.2	APPOINTMENT BY THE LEADER OF THE DEPUTY LEADER AND CABINET	21 - 23
	Council is asked to note the appointments made by the Leader to the Executive.	
7.3	PENSION FUND GOVERNANCE ARRANGEMENTS	24 - 35
	This report recommends changes to the governance arrangements of the Local Government Pension Scheme following an independent review.	
7.4	ALLOCATION OF SEATS AND PROPORTIONALITY ON COMMITTEES	36 - 41
	Council is required to confirm the proportional division of seats on committees.	
7.5	APPOINTMENT OF CHAIRS AND COMMITTEE MEMBERSHIPS	42 - 46
	Council is asked to appoint members to committees to discharge the responsibilities for council functions as outlined in the constitution.	
7.6	COUNCIL APPOINTMENTS TO LOCAL GOVERNMENT ORGANISATIONS AND OUTSIDE BODIES	47 - 52
	Council is asked to appoint representatives to Local Government Organisations and other Outside Bodies.	
7.7	APPOINTMENT OF INDEPENDENT PERSONS	53 - 55
	Council is asked to appoint Independent Persons to consider any complaints against members and to offer their impartial views on each case.	
7.8	DISPENSATION REPORT	56 - 58
	This report seeks approval for a special dispensation granted to all Councillors for non-attendance at meetings of the authority for Covid related reasons to the end of October 2021.	
7.9	MEMBERS ALLOWANCES SCHEME ANNUAL REVIEW 2021-22	59 - 67
	This report updates the Members' Allowances Scheme.	
7.10	REVISED FINANCIAL REGULATIONS 2021	68 - 142
	This report recommends changes to the Council's Financial Regulations following a comprehensive review.	
7.11	REVIEW OF THE CONSTITUTION	143 - 148
	The Council's Monitoring Officer reviews the Constitution each year to ensure that its aims and principles are given full effect in accordance with Article 15 of the Constitution. A report on this subject is therefore included on the Annual Council meeting agenda each year.	

7.12 LEADER'S ANNUAL REPORT (VERBAL)

8. INFORMATION REPORTS - TO NOTE

**8.1 ANNUAL REPORT OF THE POLICY AND ACCOUNTABILITY
COMMITTEES 2020-21**

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COUNCIL MINUTES

BUDGET COUNCIL MEETING

THURSDAY 25 FEBRUARY 2021



PRESENT

The Mayor Councillor PJ Murphy
Deputy Mayor Councillor Daryl Brown

Councillors:

Colin Aherne	Rebecca Harvey	Rowan Ree
Adronie Alford	Sharon Holder	Lucy Richardson
Victoria Brocklebank-Fowler	Lisa Homan	Ann Rosenberg
Andrew Brown	Donald Johnson	Helen Rowbottom
Jonathan Caleb-Landy	Andrew Jones	Alexandra Sanderson
Iain Cassidy	Alex Karmel	Max Schmid
Ben Coleman	Bora Kwon	Asif Siddique
Adam Connell	Rachel Leighton	Fiona Smith
Christabel Cooper	Amanda Lloyd-Harris	Frances Stainton
Stephen Cowan	Mark Loveday	Dominic Stanton
Larry Culhane	Sue Macmillan	Matt Thorley
Belinda Donovan	David Morton	Matt Uberoi
Sue Fennimore	Natalia Perez	Mercy Umeh
Wesley Harcourt	Zarar Qayyum	Rory Vaughan
	Patricia Quigley	Guy Vincent

NOTE: This meeting was held remotely

1. **APOLOGIES FOR ABSENCE**

There were no apologies for absence.

2. **DECLARATIONS OF INTERESTS**

There were no declarations of interest.

3. **MINUTES**

The Mayor noted an amendment to the minutes – Councillor Frances Stainton should have been listed as being in attendance.

6.30pm – RESOLVED

That the amended minutes of the meeting held on the 20th of January 2021 were agreed as an accurate record.

4. MAYOR'S/CHIEF EXECUTIVE'S ANNOUNCEMENTS

The Mayor noted that the date of Annual Council would be moving to the 28th of April 2021 so it could be held safely before the legislation enabling remote meetings came to an end on the 7th of May 2021.

With great sadness, the Mayor informed the Council of the death of former Councillor Guy Mortimer. Mr Guy Mortimer was elected as a Conservative Councillor for Crabtree ward from 1990 to 1996. Speeches of remembrance were made by Councillors Adronie Alford and Alex Karmel. The Council observed a minute of silence in his memory.

The Mayor then expressed the Council's congratulations to Councillor Max Schmid and his wife on the birth of their son.

5. PUBLIC QUESTIONS (20 MINUTES)

The questions and responses to the questions can be found in Appendix 1.

6. ITEMS FOR DISCUSSION/COMMITTEE REPORTS

6.1 Revenue Budget and Council Tax Levels 2021/22

6.57pm – The report and recommendations were moved for adoption by the Leader of the Council, Councillor Stephen Cowan.

In accordance with Council convention, the Leader of the Council, Councillor Stephen Cowan, and the Leader of the Opposition, Councillor Andrew Brown, were given unlimited time to speak on the Budget report.

Speeches on the report were also made by Councillors Rowan Ree, Helen Rowbottom, and Max Schmid (for the Administration) – and Councillor Frances Stainton (for the Opposition).

The Leader of the Council, Councillor Stephen Cowan, then made a speech winding up the debate.

The report and recommendations were put to the vote and a roll-call was undertaken, in accordance with Council convention when voting on the budget:

FOR	AGAINST	NOT VOTING
Cllr Aherne	Cllr Alford	Cllr Murphy (Mayor)
Cllr Brown (Daryl)	Cllr Brocklebank-Fowler	
Cllr Caleb-Landy	Cllr Brown (Andrew)	
Cllr Cassidy	Cllr Donovan	
Cllr Coleman	Cllr Johnson	
Cllr Connell	Cllr Karmel	
Cllr Cooper	Cllr Lloyd-Harris	

Cllr Cowan	Cllr Loveday	
Cllr Culhane	Cllr Stainton	
Cllr Fennimore	Cllr Stanton	
Cllr Harcourt	Cllr Thorley	
Cllr Harvey		
Cllr Holder		
Cllr Homan		
Cllr Jones		
Cllr Kwon		
Cllr Leighton		
Cllr Macmillan		
Cllr Morton		
Cllr Perez		
Cllr Qayyum		
Cllr Quigley		
Cllr Ree		
Cllr Richardson		
Cllr Rosenberg		
Cllr Rowbottom		
Cllr Sanderson		
Cllr Schmid		
Cllr Smith		
Cllr Uberoi		
Cllr Umeh		
Cllr Vaughan		
Cllr Vincent		

FOR: 33
AGAINST: 11
NOT VOTING: 1

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

8.42pm – RESOLVED

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

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 12 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.

6.2 Four Year Capital Programme 2021/22 to 2024/25 and Capital Strategy 2021/22

8.42pm – The report and recommendations were formally moved by the Cabinet Member for Finance and Commercial Services, Councillor Max Schmid.

Speeches on the report were made by Councillors Max Schmid and Andrew Jones (for the Administration) – and Councillor Andrew Brown (for the Opposition).

The report and recommendations were then put to the vote.

FOR: 34
AGAINST: 11
NOT VOTING: 1

The recommendations were declared **CARRIED**.

8.54pm – RESOLVED

- 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).
- 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.

6.3 Treasury Management Strategy Statement 2021/22

8.54pm – The report and recommendations were formally moved by the Cabinet Member for Finance and Commercial Services, Councillor Max Schmid.

The report and recommendations were then put to the vote.

FOR:	UNANIMOUS
AGAINST:	0
NOT VOTING:	0

The recommendations were declared **CARRIED**.

8.54pm – RESOLVED

1. That approval is 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.
4. That this strategy be enacted immediately following the approval given by Full Council at this meeting.

6.4 **Pay Policy Statement 2021/22**

8.54pm – The report and recommendations were formally moved by the Cabinet Member for Public Services Reform, Councillor Adam Connell.

The report and recommendations were then put to the vote.

FOR:	UNANIMOUS
AGAINST:	0
NOT VOTING:	0

The recommendations were declared **CARRIED**.

8.55pm – RESOLVED

1. That Council approve the pay policy statement for 2021/22 as set out in Appendix 1.
2. That Council note the benchmarking of the Council's median pay multiple against the average of other Inner London Boroughs contained in section 2.5.

6.5 **Members Allowances Scheme Annual Review 2021/22**

8.55pm – The report and recommendations were formally moved by the Leader of the Council, Councillor Stephen Cowan.

Speeches on the report were made by Councillors Stephen Cowan, Larry Culhane, and Max Schmid (for the Administration) – and Councillors Alex Karmel and Andrew Brown (for the Opposition).

The report and recommendations were then put to the vote.

FOR:	34
AGAINST:	11
NOT VOTING:	1

The recommendations were declared **CARRIED**.

9.16pm – RESOLVED

That the Members' Allowances Scheme 2021/22 as set out in Appendix 1 be adopted.

6.6 Review of the Constitution

9.16pm – The report and recommendations were formally moved by the Leader of the Council, Councillor Stephen Cowan.

The report and recommendations were then put to the vote.

FOR:	UNANIMOUS
AGAINST:	0
NOT VOTING:	0

The recommendations were declared **CARRIED**.

9.17pm – RESOLVED

1. That Council agree the updates to the Departmental Register of Authorities in Appendix 1.
2. That Council agree the updates to Contract Standing Orders in Appendix 2.

6.7 Council Calendar of Meetings 2021/22

9.17pm – The report and recommendations were formally moved by the Leader of the Council, Councillor Stephen Cowan.

The report and recommendations were then put to the vote.

FOR:	UNANIMOUS
AGAINST:	0
NOT VOTING:	0

The recommendations were declared **CARRIED**.

9.17pm – RESOLVED

That the schedule of meetings in the 2021/22 Council calendar of meetings be approved.

Meeting started: 6.30 pm
Meeting ended: 9.18 pm

Mayor

Public Questions and Responses – 25 February 2021

Question 1 – Wandsworth Bridge Road and Imperial Road

From: Donald Grant, Resident

To: The Cabinet Member for the Environment

“Imperial Road at 10 metres wide, being built for industrial traffic and with minimal residential property is clearly much more suitable for traffic commuting through SW6 than Wandsworth Bridge Road, which is typically 9.3 metres wide, spans three conservation areas and is primarily residential with many small roadside businesses and countless pedestrians. The Council has concentrated on reasons why Imperial Road should not be re-opened, using disputed data that could not be validated and partial scenarios that do not explore options proposed by residents such as Southbound only, controlled traffic. No legitimate reasons have therefore been given for keeping Imperial Road closed and forcing all traffic to use Wandsworth Bridge Road instead.

What discussions have been held and / or agreements made with third parties outside the Council to close Imperial Road?”

Response:

The Council has not closed Imperial Road. The road is open to H&F residents, visitors with parking permits, carers, healthcare workers, minicabs, Black cabs and trades people and contractors working at local addresses.

There are restrictions on Imperial Road which have been put in place to prevent out-of-borough motorists largely from Surrey, Hampshire and the A3 corridor, using our streets as cut-throughs or rat-runs.

Imperial Road does not connect drivers directly to New Kings Road or Wandsworth Bridge. Drivers wishing to do so need to drive through the narrow and heavily residential streets of Townmead Road and Bagleys Lane. Re-opening Imperial Road to out-of-borough drivers, re-opens these narrow residential streets to all-comers.

Our engineers have discussed the suggestion of opening these roads back up to out-of-borough motorists in several meetings with the residents of Wandsworth Bridge Road. It is clear that any re-opening would increase not decrease traffic in the area. It fails the first objective of the South Fulham Traffic, Congestion and Pollution Reduction trial scheme - namely, reducing traffic in the area.

The data, which is from traffic counters, shows that there has been an average 75% reduction in traffic on the streets to the east of Wandsworth Bridge Road, and an average 12% reduction on Wandsworth Bridge Road itself since the introduction of the TCPR. This shows the scheme is working.

As with all traffic orders, we consulted with all relevant statutory third parties such as the emergency services, prior to implementation of the experimental traffic order.

Follow up question:

The real question I was asking was, have any discussions been had or agreements been made with third parties outside the Council, for example housing developers, to close Imperial Road?

Response:

I certainly have not had any discussion with any developers about Imperial Road, whether reopening it, making it one-way or whatever.

Question 2 – Fire Safety in Private and Socially-Owned Buildings

From: Ted Townsend, Resident

To: The Cabinet Member for Housing

“There are an estimated 112 private and socially-owned residential buildings in H&F that are over 18 metres high.

Residents in the buildings face many issues that stem from the risks of unsafe cladding such as being asked to pay for removal of the cladding, the costs of interim fire safety measures such as waking watches, increased insurance costs, an inability to move or sell their home because of the uncertainty, and the effect on their mental health of dealing with all these issues.

Could the Council explain exactly how many buildings are affected in this way and what it is doing to help residents in private and socially-owned buildings?”

Response:

This is an extremely important issue and I will respond in sections for, as you might be aware, it's actually the Ministry of Housing, Communities and Local Government who are the holder of the central database for these buildings and as a Council we are very reliant on other landlords sharing information with us. I can therefore respond comprehensively on our own housing stock but in less detail on other buildings in Hammersmith and Fulham.

There are 68 buildings in our own stock of over 18 metres. Three have cladding that we are upgrading, and 24 others have spandrel/infill panels that require replacing. Programmes of works are in train to address all of these issues and the costs are not being passed on to Hammersmith and Fulham residents.

We are rolling out a significant programme of works under H&F's fire safety plus initiative. This has involved residents right from the very start via FRAG, the fire residents action group, which is resident led, and chaired by a leaseholder. The group, with officer support, reviews council fire safety policy, individual work programmes and

buildings, and informs the wider tenant associations and ensures transparency. The Council is fully committed to doing things with residents and not to them.

In addition to our work on cladding, physical works include:

- Upgrading (4,000+) fire doors from FD30s to FD60s in buildings over 18 metres in height
- All 68 buildings have an individual fire strategy, fire risk assessment, and Premise Information Box (PIBs) with schematics for the fire brigade in an emergency, in place.
- We are installing sprinklers in 5 tower blocks (10 storeys and above), upgrading wet risers and converting dry risers to wet in buildings over 50 metres. We are also installing dry risers where they are absent in buildings.
- We are populating PIBS in our tallest buildings with details of residents who are unable to self-evacuate their own flat in the event of fire for the London fire Brigade's information.
- We have a proactive scheme to visit every resident (tenant/leaseholder) and undertake a fire safety inspection. Any white goods (e.g., fridges) that fail PAT test are replaced free of charge. And any fire detection (including leaseholders) is upgraded free of charge.
- We also undertake Safety First visits with vulnerable residents to prepare an individual person-centred risk assessment and advise on bespoke solutions for them. Again, there is no charge.
- Where works are ongoing or due to take place, we have routine communications to residents in individual blocks.
- We also gave a period of amnesty for leaseholders to report any unpermitted alterations to their flats with corrective works to be undertaken for free.
- Housing officers proactively inspect blocks on a routine basis for safety.
- Being such a large landlord there will unfortunately and inevitably be some fires and we thoroughly investigate all incidents and adopt learning.
- Finally, as Cabinet Member for Housing, I personally receive a fortnightly update on all building safety and compliance issues.

In relation to privately owned blocks, H&F have organised a non-invasive survey of all private properties in the borough to identify the buildings with cladding.

All owners of privately-owned blocks have been contacted to advise them of our findings. They were encouraged to carry out invasive investigations to identify the full composition of all external fabric of the buildings and we have offered to help them to identify if any of the components that might cause risks.

The majority of the private owned buildings have low risk masonry cladding. There are a few buildings where the composition of the cladding is not known and in these cases the Council has written to the building owners, reminding them of their responsibilities. We will continue to follow-up with those owners until we are satisfied they have discharged their responsibilities. We have explained to all building owners that we are happy to assist by providing technical advice where necessary.

It is the responsibility of the building owners, whoever they may be, to assess the risks and take corrective action as part of their risk assessments under the Fire Safety Order. This is enforced by the London Fire Brigade.

This is also the case with registered providers, housing associations – many of whom have newer properties in the borough of mixed tenure. This tends to be the area generating most case work for councillors, from leaseholders with concerns over both costs for work and delays with the issuing certification enabling them to sell. These are taken up with each landlord and we do use our influence through regular dialogue with those landlords on a range of issues including fire safety to ensure that they are doing everything possible to make the building safe and not pass on charges to residents.

There are three registered providers known to the Council to have cladding issues in the tall blocks in the borough, we don't hold detail from two. However, Shepherd's Bush housing had three sites in Hammersmith and Fulham with cladding issues, two blocks over 18 meters high.

They've applied for central government funding to address the issues in these blocks and expect to find out the result in March. At present, Shepherd's Bush housing have installed more waking watching at the affected sites and are currently meeting the costs themselves for the in-situ services. To ensure safety they have agreed to actively engage with the Council and remain in contact should there be any developments in respect to fire safety in their approach.

However, many of these problems transcend borough boundaries and are nationwide and as you have an interest in the subject, you'll probably be aware of all the discussions at national government level. The fire safety bill was discussed in Parliament just yesterday with some amendments which were wanted by leaseholders not passed, and it would have been helpful had they been accepted. It now remains to be seen if what is in the bill goes far enough to address these concerns which is something I will be monitoring very carefully.

Thank you again for raising this very important issue.

Follow up question:

I would like to know what the Council is doing about fire inspections in HMOs.

Response:

We have an extensive HMO licensing scheme in Hammersmith and Fulham. You may be aware that we actually have an additional licensing scheme in Hammersmith and Fulham which covers 20 percent of our properties and we will be going through the process of renewing that shortly which would ensure that we have the best standards of inspection that we can. Very often this does rely on private tenants coming forward to us, but you can be assured that if there's any concerns at all, our team do go and inspect.

Agenda Item 7.1

London Borough of Hammersmith & Fulham

Report to: Full Council

Date: 28 April 2021

Subject: Party Appointments for the 2021/22 Municipal Year

Report of: The Leader of the Council – Councillor Stephen Cowan

Responsible Director: Kim Smith, Chief Executive

Summary

The Council is asked to note the Party appointments for the Municipal Year 2021/22.

Administration

Leader	Councillor Stephen Cowan
Deputy Leader	Councillor Sue Fennimore
Chief Whip	Councillor Colin Aherne
Deputy Whips	Councillors Mercy Umeh and Zarar Qayyum

Opposition

Leader	Councillor Andrew Brown
Deputy Leader	Councillor Victoria Brocklebank-Fowler
Opposition Whip	Councillor Alex Karmel
Opposition Deputy Whip	Councillor Frances Stainton

(Opposition appointments are subject to the outcome of the Party's AGM)

Recommendation

That the appointments made by the Party Groups on the Council be noted.

London Borough of Hammersmith & Fulham

Report to: Full Council

Date: 28 April 2021

Subject: Appointment by the Leader of the Deputy Leader and Cabinet

Report of: The Leader of the Council - Councillor Stephen Cowan

Responsible Director: Kim Smith, Chief Executive

Summary

This report asks Council to note:

- The composition and appointments made by the Leader to the Executive¹.
- The appointment of six Assistants to the Cabinet and Lead Members/Champions assigned to support it.
- The Cabinet Members' Responsibilities and Portfolios outlined in [the constitution](#).

The proposed Executive consists of a Leader, elected by the Council, a Deputy Leader and up to eight Cabinet Members appointed by the Leader.

The Executive has a duty to carry out all of the local authority's functions which are not the responsibility of any other part of the local authority, whether by law or under the constitution.

Recommendations

1. That the Council is asked to note the appointments made by the Leader to the Executive, as set out below:

Executive Appointments

Deputy Leader	Councillor Sue Fennimore
Cabinet Member for Children and Education	Councillor Larry Culhane
Cabinet Member for the Economy	Councillor Andrew Jones
Cabinet Member for the Environment	Councillor Wesley Harcourt
Cabinet Member for Finance and Commercial Services	Councillor Max Schmid
Cabinet Member for Health and Adult Social	Councillor Ben Coleman

¹ commonly referred to as 'the Cabinet' in Hammersmith & Fulham.

Care

Cabinet Member for Housing	Councillor Lisa Homan
Cabinet Member for Public Services Reform	Councillor Adam Connell
Cabinet Member for Strategy	Councillor Sharon Holder

2. That the Council is asked to note the appointment of six Assistants to the Cabinet assigned to support the Cabinet and Lead Members/Champions as set out below.

Cabinet Assistants

Assistant to Cabinet	Councillor Christabel Cooper
Assistant to Cabinet	Councillor Guy Vincent
Assistant to Cabinet	Councillor Rebecca Harvey
Assistant to Cabinet	Councillor Patricia Quigley
Assistant to Cabinet	Councillor David Morton
Assistant to Cabinet	Councillor Jonathan Caleb-Landy

Lead Members and Champions

Lead Member – Representative for the Armed Forces Community	Councillor David Morton
Lead Member for Refugees	Councillor Rebecca Harvey
Local Businesses Champion	Councillor Guy Vincent
Cycling Champion	Councillor Iain Cassidy

3. That the Cabinet Members' responsibilities and portfolios outlined in [the constitution](#), be noted.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Taking pride in H&F	Ensuring a high standard of governance across the Council.

Financial Impact

The recommendations in this report have no direct financial implications.

The Special Responsibilities allowances can be met from existing budgets as set out in the separate report on Members Allowances.

Legal Implications

The Local Government Act 2000 requires the Council to have and maintain a Constitution. The Monitoring Officer is satisfied that the Council's Constitution continues to fulfil its stated purposes, as set out in Article 1 of the Constitution.

Contact Officers:

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Verified by Emily Hill, Director of Finance

Name: Grant Deg
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Background Papers Used in Preparing This Report

H&F Council's constitution:

https://www.lbhf.gov.uk/sites/default/files/section_attachments/lbhf_constitution.pdf

List of Appendices

Appendix 1 - Executive Members Responsibilities and Functions

Agenda Item 7.3

London Borough of Hammersmith & Fulham

Report to: Full Council

Date: 28 April 2021

Subject: Pension Fund Governance Arrangements

Report of: The Leader of the Council – Councillor Stephen Cowan

Responsible Director: Rhian Davies, Director of Resources

SUMMARY

This report recommends changes to the governance arrangements of the Local Government Pension Scheme (LGPS) in H&F following an independent review by John Raisin Financial Services Limited.

RECOMMENDATIONS

1. That Full Council note the recommendations of the independent review by John Raisin Financial Services Limited and the officer responses, as set out in the report.
2. That Full Council approve the establishment of a Pension Fund Committee with its membership and terms of reference as set out in Appendix 1.
3. That Full Council approve the changes to the terms of reference of the Audit and Pensions Committee (to become the Audit Committee) set out in Appendix 1.

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	Continuing to provide assurance regarding the governance of the Pension Fund thereby encouraging employees to join and/or remain members of the LGPS.
Being ruthlessly financially efficient	To review and assess governance and efficiency of the Pension Fund, recommending and making changes where necessary.
Taking pride in H&F	Ensuring a high standard of governance

	of the Pension Fund that continues to underpin the retention and recruitment of employees.
--	--

Financial Impact

The annual cost of additional Special Responsibility Allowances and any co-optee allowances will be met in full from the Pension Fund.

Legal Implications

Under Section 101 of the Local Government Act 1972, a local authority may arrange for the discharge of their functions by a committee or sub-committee.

This report is requesting approval of changes to committee terms of reference which will also create a Pension Fund Committee.

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Verified by Emily Hill, Director of Finance

Name: Grant Deg
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Background Papers Used in Preparing This Report

Independent review of the Governance arrangements of the H&F Local Government Pension Scheme (LGPS) produced by John Raisin Financial Services Limited

DETAILED ANALYSIS

Proposals and Analysis of Options

John Raisin Financial Services Limited undertook a review of the Governance arrangements of the LBHF Local Government Pension Scheme that concluded in November 2020.

The review concluded that the Pension Fund Sub-Committee has, since 2015, exercised careful and considered oversight, governance and positive decision making in respect of the LBHF Pension Fund. The Members of the Pension Fund Sub-Committee have, based on the evidence examined, sought to discharge their responsibilities diligently. The level of support provided to the Sub-Committee in respect of Investment Issues and generally by the Tri-Borough Pensions and Treasury Team appears to have been of a very high standard.

The report noted that there are a number of areas where there is scope for improvement in the future Governance of the Fund. 6 out of the 32 recommendations related to constitutional matters and which are copied below with officer commentary.

Recommendations with officer comments

Recommendation 1

1. That the Council give consideration to the removal of all reference to the Pensions function from the Terms of Reference of the Audit and Pensions Committee and that this Committee be renamed the Audit Committee.
2. **Officer Comment:** It is considered that a higher level of governance and clarity between the Audit and Pensions functions of the committee would result if the two were separated. This will allow the Audit Committee to give sufficient attention to important audit matters.

Recommendations 2 and 2b

3. That the Council give consideration to revising the Constitution to place all responsibility for the LGPS pensions function with the Pension Fund Sub-Committee and that this sub-committee be renamed "The Pension Fund Committee" and that its Elected Member membership be six voting councillors.
4. Any additional Special Responsibility Allowance (SRA) payable as a result of this change would be payable from the Pension Fund not the General Fund.
5. **Officer Comment:** Currently, the Audit and Pensions Committee plays no role in LGPS decision making. The function is wholly exercised by the Pension Fund Sub-Committee. The renaming of the Pension Fund Sub-Committee as "The Pension Fund Committee" would bring the Council's approach in its decision making in line with the vast majority of other LGPS Administering

Authorities across England and Wales. We support that any additional SRA should be paid from the Pension Fund.

Recommendation 3

6. To amend the Responsibilities of the Pension Fund Sub-Committee (The Pensions Fund Committee) as set out below.
7. **Officer Comment:** The proposed terms of reference for the Pensions Fund Committee more broadly cover investment issues, governance and pensions administration. In addition, they reflect changes in the LGPS Regulations 2013 and the LGPS (Management and Investment of Funds) Regulations 2016.

Pensions Fund Committee – Suggested Revised Responsibilities

To exercise on behalf of the Council all of the powers and duties of the Council in relation to its functions as Administering Authority of the London Borough of Hammersmith and Fulham Pension Fund. This includes but is not limited to the following matters:

- a) Reviewing and approving the statutory policies of the Fund including the Governance Compliance Statement, Funding Strategy Statement, Investment Strategy Statement, Pension Administration Strategy, Communications Strategy.
- b) To determine the arrangements for the appointment of the Fund Actuary, Investment Consultant and any other Advisor that it may be determined appropriate to appoint.
- c) To receive an annual Internal Audit Plan in respect of the Pension Fund which will include, at least, an annual assurance review of the Pensions Administration service and a report on the outcome of planned internal audit activity.
- d) To regularly receive and review a comprehensive Risk Register relating to the activities of the Pension Fund.
- e) To agree the Business Plan and Annual Budget of the Fund.
- f) To agree the Pension Fund Annual Report and Financial Statements.
- g) To determine, approve and regularly monitor the arrangements relating to the provision of all matters relating to Pensions Administration functions and the provision of a Pensions Administration Service to the Pension Fund.
- h) To receive regular performance monitoring reports, in such form as it determines, in respect of the Pensions Administration Service.
- i) To review and approve a Reporting Breaches of the Law procedure for the Pension Fund and to regularly receive the Breaches Log.
- j) To make and review an Admission Policy in relating to the admission of Employers to the Fund and be responsible for determining the admission of Employers to the Fund.

- k) To agree the investment strategy and strategic asset allocation having regard to the advice of the Investment Consultant.
- l) To determine the Fund management arrangements, including the appointment and termination of the appointment of Fund Managers.
- m) To monitor the performance of the Pension Funds appointed Fund Managers.
- n) To determine the relationship of the Pension Fund with the London Collective Investment Vehicle and to monitor its activity and performance.
- o) To determine the arrangements for the provision of Additional Voluntary Contributions for Fund members.
- p) To ensure that the Covenants of Employers are thoroughly assessed as required and at least during every Triennial Actuarial Valuation.
- q) To receive, from the Fund Actuary, Actuarial Valuations of the Fund.
- r) To consider and determine a response to any advisory Recommendation received from the Pension Board.
- s) To receive and consider the External Auditors Annual Plan and Annual Report on the Pension Fund.
- t) To ensure compliance with all relevant statutes, regulations, government guidance and other codes and best practice as applicable to the Local Government Pension Scheme.
- u) To determine such other policies that may be required so as to comply with the requirements of Government or bodies acting on behalf of Government.
- v) To ensure all members of the Sub-Committee undertake appropriate, and ongoing, training to fulfil their responsibilities.

Recommendation 4

- 8. That the Pension Fund Sub-Committee (The Pension Fund Committee) actively seek to co-opt one or two non-administering authority non-voting members in order that Employers beyond the LBHF may participate in the decision making forum of the LBHF Pension Fund. If more than one employer representative is co-opted these should ideally be from different forms of employer (e.g. Academy school, contractor, charity).
- 9. **Officer Comment:** While there is no requirement for representatives of the employer and scheme members to be represented on the Pension Fund Sub-Committee, this would be good practice as indicated in the 2008 Statutory Guidance.

Recommendation 5

- 10. That the Pension Fund Sub-Committee (The Pension Fund Committee) actively seek to co-opt a non-voting Employee representative. Seeking an Employee

representative through the Trade Unions would likely be the most practical approach.

11. **Officer Comment:** While there is no requirement for representatives of the employer and scheme members to be represented on the Pension Fund Sub-Committee this would be good practice as indicated in the 2008 Statutory Guidance.
12. Given that the statutory responsibility for the governance and maintenance of the LGPS as administered by the LBHF lies with the authority, it is entirely appropriate, that the voting membership of the Pension Fund Sub-Committee (or a future Pension Fund Committee) should be retained wholly by serving Councillors of the LBHF.

Recommendation 6

13. That consideration be given to paying an allowance to Pension Board Members for actual attendance at Board Meetings (including any training held before a Board meeting).
14. **Officer Comment:** In line with the Council's Members allowance scheme, Pension Board Members can be paid a flat rate allowance of £504 per annum payable by equal monthly instalments of £42.00 on the 15th of each month. Any allowances approved would be payable from the Pension Fund.

Conclusion

15. Officers support the six recommendations listed above. On 3 March 2021 the recommendations and proposed terms of reference of the Pension Fund Committee were endorsed by the Pension Fund Sub-Committee. Appendix 1 contains the full terms of reference for the new Pension Fund Committee and updated terms of reference for the Audit Committee, removing references to the pension fund.

Equality Implications

16. The Council has considered its obligations under the Equality Act 2010 and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, from the recommendations in this report.

Risk Management Implications

17. The report sets out officers' responses to the recommendations relating to the governance arrangements for the Hammersmith and Fulham Pension Fund. The actions which officers are recommending are in line with the Council's priorities, including being Ruthlessly Financially Efficient, and will also help to ensure that the Pension Fund both meets its regulatory requirements and

demonstrates effective and good practice in terms of its governance arrangements.

Implications verified/completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, Tel no: 07817 507 695

List of Appendices

Appendix 1 – Terms of Reference for the Pension Fund Committee and Audit Committee

Pension Fund Committee Terms of Reference

Members

6 voting councillors

Quorum

3 Members of the Committee

Political proportionality

5 Administration members

1 Opposition member

Co-opted Members

The Committee may co-opt non-voting independent members, including employee representatives and non-administering authority members, as appropriate

1. Membership

- 1.1 The Chair will be drawn from one of the Administration Councillors; the Vice-Chair will be an Opposition Councillor.
- 1.2 The Committee may co-opt non-voting members, including employee representatives and non-administering authority members, as appropriate.

2. Voting

- 2.1 All Councillors on the Committee shall have voting rights. In the event of an equality of votes, the Chair of the Committee shall have a second casting vote. Where the Chair is not in attendance, the Vice-Chair will take the casting vote.

3. Procedures

- 3.1 Except as provided herein, Council Standing Orders (as applicable to Committees) shall apply at meetings of the Committee. In the event of a conflict between these procedures and any guidance or law then the latter will prevail.
- 3.2 Meetings of the Committee shall be held in public, subject to the provisions for considering exempt items in accordance with sections 100A-D of the Local Government Act 1972 (as amended).

4. Meetings

- 4.1 The Pensions Fund Committee will meet at least four times a year.
- 4.2 The Chair of the Committee may convene additional meetings as necessary.
- 4.3 The Chief Executive may ask the Committee to convene further meetings to discuss particular issues on which the Committee's advice is sought.

5. Reporting

5.1 The Pension Fund Committee will formally report back in writing to the full Council at least annually.

6. Responsibilities

6.1 To exercise on behalf of the Council all of the powers and duties of the Council in relation to its functions as Administering Authority of the London Borough of Hammersmith and Fulham Pension Fund. This includes but is not limited to the following matters:

- a) Reviewing and approving the statutory policies of the Fund including the Governance Compliance Statement, Funding Strategy Statement, Investment Strategy Statement, Pension Administration Strategy, Communications Strategy.
- b) To determine the arrangements for the appointment of the Fund Actuary, Investment Consultant and any other Advisor that it may be determined appropriate to appoint.
- c) To agree an annual Internal Audit Plan in respect of the Pension Fund which will include, at least, an annual assurance review of the Pensions Administration service.
- d) To regularly receive and review a comprehensive Risk Register relating to the activities of the Pension Fund.
- e) To agree the Business Plan and Annual Budget of the Fund.
- f) To agree the Pension Fund Annual Report and Financial Statements.
- g) To determine, approve and regularly monitor the arrangements relating to the provision of all matters relating to Pensions Administration functions and the provision of a Pensions Administration Service to the Pension Fund.
- h) To receive regular performance monitoring reports, in such form as it determines, in respect of the Pensions Administration Service.
- i) To review and approve a Reporting Breaches of the Law procedure for the Pension Fund and to regularly receive the Breaches Log.
- j) To make and review an Admission Policy in relating to the admission of Employers to the Fund and be responsible for determining the admission of Employers to the Fund.
- k) To agree the investment strategy and strategic asset allocation having regard to the advice of the Investment Consultant.
- l) To determine the Fund management arrangements, including the appointment and termination of the appointment of Fund Managers.
- m) To monitor the performance of the Pension Funds appointed Fund Managers.
- n) To determine the relationship of the Pension Fund with the London Collective Investment Vehicle and to monitor its activity and performance.
- o) To determine the arrangements for the provision of Additional Voluntary

Contributions for Fund members.

- p) To ensure that the Covenants of Employers are thoroughly assessed as required and at least during every Triennial Actuarial Valuation.
- q) To receive, from the Fund Actuary, Actuarial Valuations of the Fund.
- r) To consider and determine a response to any advisory Recommendation received from the Pension Board.
- s) To receive and consider the External Auditors Annual Plan and Annual Report on the Pension Fund.
- t) To ensure compliance with all relevant statutes, regulations, government guidance and other codes and best practice as applicable to the Local Government Pension Scheme.
- u) To determine such other policies that may be required so as to comply with the requirements of Government or bodies acting on behalf of Government.
- v) To ensure all members of the Committee undertake appropriate, and ongoing, training to fulfil their responsibilities.

Audit Committee Terms of Reference

Members

6 voting councillors

Quorum

3 Members of the Committee

Political proportionality

4 Administration members
2 Opposition members.

Co-opted Members

The Committee may co-opt non-voting independent members as appropriate

1. Membership

- 1.1 The Chair will be drawn from one of the Administration Councillors; the Vice-Chair will be an Opposition Councillor.
- 1.2 The Committee may co-opt non-voting independent members as appropriate.
- 1.3 The Committee may ask the Director of Audit, Fraud, Risk and Insurance, a representative of External Audit, the Risk Management Consultant, and any other official of the organisation to attend any of its meetings to assist it with its discussions on any particular matter.

2. Voting

- 2.1 All Councillors on the Committee shall have voting rights. In the event of an equality of votes, the Chair of the Committee shall have a second casting vote. Where the Chair is not in attendance, the Vice-Chair will take the casting vote.

3. Procedures

- 3.1 Except as provided herein, Council Procedure Rules (as applicable to all Committees) shall apply in all other respects to the conduct of the Committee.
- 3.2 Meetings of the Committee shall be held in public, subject to the provisions for considering exempt items in accordance with sections 100A-D of the Local Government Act 1972 (as amended).

4. Meetings

- 4.1 The Audit Committee will meet at least four times a year.
- 4.2 Meetings will generally take place in the spring, summer, autumn, and winter. The Chair of the Committee may convene additional meetings as necessary.
- 4.3 The Chief Executive may ask the Committee to convene further meetings to discuss particular issues on which the Committee's advice is sought.

5. Reporting

- 5.1 The Audit Committee will formally report back in writing to the full Council at least annually.

6. Responsibilities

- 6.1 The Audit Committee will advise the Executive on:
 - the strategic processes for risk, control and governance and the Statement on Internal Control;
 - the accounting policies and the annual accounts of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
 - the planned activity and results of both internal and external audit;
 - the adequacy of management responses to issues identified by audit activity, including the external auditor's annual letter
 - the Chief Internal Auditor's annual assurance report and the annual report of the External Auditors.
 - assurances relating to the corporate governance requirements for the organisation;
 - (where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services.
- 6.2 The Committee's responsibilities in relation to the annual accounts will include:
 - to approve the Council's Statement of Accounts, in accordance with the deadlines set out in the Accounts and Audit Regulations 2003;
 - acting as the Approval of Accounts Committee;

- to consider any report as necessary from the External Auditor under Statement of Auditing Standard 610;
 - to re-approve the Council's Statement of Accounts following any amendments arising from the external audit, in accordance with the deadlines set out in the Accounts & Audit Regulations 2003.
- 6.3. The Committee's responsibilities in relation to risk management will encompass the oversight of all risk analysis and risk assessment, risk response, and risk monitoring. This includes:
- the establishment of risk management across the organisation, including partnerships;
 - awareness of the Council's risk appetite and tolerance;
 - reviewing the risk portfolio (including IT risks);
 - being appraised of the most significant risks;
 - determining whether management's response to risk and changes in risk are appropriate.
- 6.5. The Council has nominated the Committee to be responsible for the effective scrutiny of the Treasury Management Strategy and policies.
- 6.6. The Council has nominated the Committee to be responsible for the effective scrutiny of anti-fraud arrangements and activities.

Agenda Item 7.4

London Borough of Hammersmith & Fulham

Report to: Full Council

Date: 28 April 2021

Subject: Allocation of Seats and Proportionality on Committees

Report of: The Leader of the Council - Councillor Stephen Cowan

Responsible Director: Rhian Davies, Monitoring Officer

Summary

The Council is required to confirm the proportional division of seats on the Standing Committees.

Recommendations

1. That the allocation of seats, as set out in Appendix 1, be noted.
-

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Taking pride in H&F	Ensuring a high standard of governance across the Council.

Financial Impact

The cost of servicing these committees will be met through the existing budgets.

Legal Implications

The legal implications are set out in the body of the report.

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Verified by Emily Hill, Director of Finance

Name: Grant Deg

Position: Chief Solicitor

Email: grant.deg@lbhf.gov.uk

Background papers used in preparing this report - None

Allocation of Seats

1. Political Groups on the Council are formed in accordance with the Local Government (Committees and Political Groups) Regulations 1990 when two or more councillors notify the Chief Executive, as Proper Officer, of their wish to be treated as a group.
2. Section 15 (1) (b) of the Local Government and Housing Act 1989 (“the 1989 Act”) imposes a duty on the local authority to review the allocation of seats on the committees of the Council between the political groups at its annual meeting or as soon as possible thereafter. The Council may carry out such a review at any other time and may do so if requested by a political group.
3. In accordance with the 1989 Act the following principles apply to the allocation of seats:
 - (a) That not all the seats on the body to which appointments are being made are allocated to the same political group;
 - (b) That the majority of seats on each committee are allocated to a particular group if the number of persons belonging to that group is a majority of the authority’s membership;
 - (c) That, subject to (a) and (b), when allocating seats to a political group, the total number of their seats across all the ordinary committees of the Council, must reflect their proportion of the authority’s membership; and
 - (d) Subject to (a) to (c), that the number of seats on each committee is as far as possible in proportion to the group’s membership of the authority.
4. Sub-committees, with the exception of the Licensing Sub-Committee, are also governed by the political balance rules, but it is not necessary to add up all the sub-committee seats and then allocate them in proportion. As far as this is

practicable, the allocation of seats on each sub-committee should reflect the proportional representation of the political groups on the Council.

5. The 1989 Act requires that, once the Council has determined the allocation of committee places between the political groups, the Council must then appoint the nominees of the political groups to the committees.
6. The Cabinet, Health and Well Being Board and the Licensing Committee are not required to be proportional and so are outside of the political balance calculation.
7. It is open to the Council when carrying out a review to adopt some arrangement other than that prescribed by the Act and the Regulations. Notice of such a proposal would have to be given in the Summons, and a decision would need to be made with no one voting against it. The remainder of this report therefore assumes that the Council will not want an alternative arrangement to that prescribed by law.

Political proportionality

8. The political balance of the Council can be calculated by using the simple formula below (to two decimal places):

$$\text{No. of Group Members} \times 100 / 46$$

9. Following the elections held on 3 May 2018 and a by-election for Fulham Broadway in September 2019, the political balance of the Council is set out in Table 1 below:

	No of seats on the Council	Proportionality
Labour	35	76.09
Conservative	11	23.91
Total	46	100

PROPOSAL AND ISSUES

10. The Labour and Conservative Groups hold, respectively, 35 and 11 of the 46 Council seats. The proportion by which seats on Committees should be allocated is 76.09% Majority Group and 23.91% Minority Group. This equates, on the basis of 80 committee seats, to 61 Majority Party and 19 Minority Party seats.
11. Membership of the Council's Standing Committees (except the Licensing Committee and the Health and Well Being Board) and Sub-Committees is governed by the Local Government (Committees and Political Groups) Regulations 1990, as amended, which provides for Members of Standing Committees and Sub-Committees to be those whose names have been notified to the Chief Executive, who is the duly appointed proper officer for these purposes. The Chief Executive has the power to appoint to all Standing

Committees (except the Licensing Committees) and Sub-Committees in accordance with any notification received under the Regulations.

12. Both political groups on the Council have to notify the Chief Executive of the names of the Members to serve on the Standing Committees, Sub-Committees and subsidiary bodies. A separate report on the Standing Committee memberships is set out later on the agenda.

REASONS FOR DECISION

13. The Local Government and Housing Act 1989 requires local authorities, where Members are divided into political groups, to review periodically the representation of the political groups on their Committees and Sub-Committees to ensure a political balance.

List of Appendices

Appendix 1 - Allocation of Seats

Allocation of Seats and Proportionality

Seats are allocated with the following calculation:

$$\text{councillors in political group} \div \text{total number of councillors} \times \text{seats on committee} \\ = \text{allocation of seats (rounded to nearest whole number)}$$

Administration councillors (Labour): 35

Opposition councillors (Conservative): 11

Total number of councillors: 46

Committees	Total seats	Administration's allocation	Opposition's allocation
Planning and Development Control Committee	8	6	2
Appointments Panel (H&F)	5	4	1
Appointments Panel (Chief Exec)	12	9	3
Appointments Panel (Shared)	3	2	1
Audit Committee	6	4	2
Pension Fund Committee	6	5	1
Standards Committee	6	4	2
Finance, Commercial Revenue and Contracts PAC	5	4	1
Community Safety and Environment PAC	5	4	1
Children and Education PAC	5	4	1
The Economy, Housing and the Arts PAC	5	4	1
Health, Inclusion and Social Care PAC	5	4	1
Public Services Reform PAC	5	4	1
Wormwood Scrubs Charitable Trust	3	2	1

Joint Health Overview & Scrutiny Committee	1	1	0
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Sub-Committees	Total seats	Administration's allocation	Opposition's allocation
Licensing Sub-Committee	3	2	1

Agenda Item 7.5

London Borough of Hammersmith & Fulham

Report to: Full Council

Date: 28 April 2021

Subject: Party Appointments for the 2021/22 Municipal Year

Report of: The Leader of the Council - Councillor Stephen Cowan

Responsible Director: Kim Smith, Chief Executive

Summary

The Council is asked to appoint Members to the Regulatory, Policy and Accountability, and other Committees, set out in Appendix 1, to discharge the responsibilities for council functions as outlined in the constitution.

Recommendations

1. That the Council agrees the appointments of Chairs and Memberships of Regulatory, Policy and Accountability and other Committees under its Constitution for the Municipal Year 2021/22, as set out in Appendix 1.
2. This Council also notes their respective portfolios / terms of reference, as set out in the constitution.

Background papers used in preparing this report

None.

List of Appendices

Appendix 1 – Committee Memberships 2021-22

Committee Memberships 2021-2022

1. Planning and Development Control Committee (6:2)

Administration Councillors	Opposition Councillors
Rachel Leighton (Chair)	Matt Thorley
Rebecca Harvey (Vice Chair)	Alex Karmel
Colin Aherne	
Wesley Harcourt	
Natalia Perez	
Asif Siddique	

2. Licensing Committee (9:3)

Administration Councillors	Opposition Councillors
Natalia Perez (Chair)	Victoria Brocklebank-Fowler
Fiona Smith (Vice Chair)	Frances Stainton
Colin Aherne	Matt Thorley
Wesley Harcourt	
Sue Macmillan	
David Morton	
Zarar Qayyum	
Matt Uberoi	
Asif Siddique	

2.1 Licensing Sub-Committee (2:1)

Members for the above must be drawn from the full membership of the Licensing Committee.

3. Appointments Panels (H&F – 4:1, Chief Exec – 9:3)

The membership requirements for the appointments panels are detailed in Part 3 of the Constitution.

4. Audit Committee (4:2)

Administration Councillors	Opposition Councillors
Iain Cassidy (Chair)	Matt Thorley
Jonathan Caleb-Landy	Alex Karmel
Rowan Ree	
Alexandra Sanderson	

5. Pension Fund Committee (5:1)

Administration Councillors	Opposition Councillors
Iain Cassidy (Chair)	Matt Thorley

Jonathan Caleb-Landy	
Rowan Ree	
Helen Rowbottom	
Guy Vincent	

6. Standards Committee (4:2)

Administration Councillors	Opposition Councillors
Rebecca Harvey	Mark Loveday
Helen Rowbottom	Matt Thorley
Rowan Ree	
Rory Vaughan	

Independent Persons: His Honour John Rylance, Dr Tom Babbedge and Ms Dilina Ostborn

7. Pensions Board

Administration Councillors
Rory Vaughan (Chair)
Bora Kwon

8. Health and Wellbeing Board

Administration Councillors
Ben Coleman, Cabinet Member for Health and Adult Social Care (Chair)
Lucy Richardson (Deputy)
Larry Culhane, Cabinet Member for Children and Education
Patricia Quigley (Deputy)

9. Wormwood Scrubs Charitable Trust Committee (2:1)

Administration Councillors	Opposition Councillors
Alexandra Sanderson (Chair)	Belinda Donovan
Helen Rowbottom	

10. Commercial Revenue Committee (Sub-Committee of Cabinet)

Administration Councillors
Max Schmid and Adam Connell

Policy and Accountability Committees Memberships

1. Children and Education Policy and Accountability Committee (4:1)

Administration Councillors	Opposition Councillors
Alexandra Sanderson (Chair)	Mark Loveday
Lucy Richardson	
Mercy Umeh	
Asif Siddique	

2. Community Safety and the Environment Policy and Accountability Committee (4:1)

Administration Councillors	Opposition Councillors
Bora Kwon (Chair)	Victoria Brocklebank-Fowler
Iain Cassidy	
Fiona Smith	
Ann Rosenberg	

3. The Economy, Housing and the Arts Policy and Accountability Committee (4:1)

Administration Councillors	Opposition Councillors
Rory Vaughan (Chair)	Adronie Alford
Helen Rowbottom	
Daryl Brown	
Ann Rosenberg	

4. Finance, Commercial Revenue and Contracts Policy and Accountability Committee (4:1)

Administration Councillors	Opposition Councillors
Helen Rowbottom (Chair)	Donald Johnson
Patricia Quigley	
David Morton	
Guy Vincent	

5. Health, Inclusion and Social Care Policy and Accountability Committee (4:1)

Administration Councillors	Opposition Councillors
Lucy Richardson (Chair)	Amanda Lloyd-Harris
Jonathan Caleb-Landy	
Bora Kwon	
Mercy Umeh	

6. **Public Services Reform Policy and Accountability Committee (4:1)**

Administration Councillors	Opposition Councillors
Rowan Ree (Chair)	Dominic Stanton
Christabel Cooper	
Guy Vincent	
Zarar Qayyum	

7. **North West London Joint Health Overview & Scrutiny Committee**

Administration Councillors
Lucy Richardson (voting member)
Patricia Quigley (substitute member)

Advisory Bodies Memberships

Note: The two bodies below, Adoption and Fostering Panel and Corporate Parenting Board, are advisory bodies only and have no legal decision-making powers.

1. **Adoption and Fostering Panel**

Administration Councillors
Lucy Richardson

2. **Corporate Parenting Board**

Administration Councillors	Opposition Councillors
Larry Culhane (Chair)	Mark Loveday
Sue Fennimore	
Alexandra Sanderson	

London Borough of Hammersmith & Fulham

Report to: Full Council

Date: 28 April 2021

Subject: Council Appointments to Local Government Organisations and Outside Bodies

Report of: Councillor Stephen Cowan – The Leader of the Council

Responsible Director: Rhian Davies – Director of Resources

Summary

This report asks the Council to appoint representatives to Local Government Organisations and other Outside Bodies.

Recommendation

That the Council's appointments to Local Government Organisations for 2021/22, as set out in Appendix 1, and to Outside Bodies, as set out in Appendix 2, be agreed.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Doing things with residents and not to them	The nomination of Councillors and community representative to outside bodies will ensure a better outcome for our residents.

Financial Impact

There are no direct financial implications.

Legal Implications

Full Council has the authority to appoint representatives to Outside Bodies.

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Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

1. Every year, the Council is approached by the Local Government Association, the London Councils and other key local government bodies to nominate representatives to their committees or boards. These representatives work on committees which lobby the Government and develop policy which affects local authorities.
2. The Council is also approached by local community organisations and charities to nominate people to their management boards or as trustees or directors. The Council acknowledges the significant contribution that these organisations make to the social fabric of our borough. Therefore, Councillors and residents who are actively involved in the local community and are willing to bring their wealth of experience to these organisations are appointed.
3. The Council is requested to make the appointments to Local Government Organisations for 2021/22, as set out in Appendix 1, and to outside bodies, as set out in Appendix 2 of the report. Any midyear appointments to or removal from appropriate outside bodies, charitable organisations and Council-owned companies and subsidiaries will be undertaken by the Leader and ratified at the next council meeting.

REASONS FOR DECISION

4. The Council is asked annually to nominate Members to various Local Government Organisations in order to participate in discussions and contribute to policy development on issues affecting local government in general and Hammersmith and Fulham residents in particular. The appointments to the various outside bodies by the Council are in fulfilment of its commitment to support the third sector in Hammersmith & Fulham.

CONSULTATION

5. Local representatives have been consulted on their nominations.

EQUALITY IMPLICATIONS

6. There are no direct equality implications for groups with protected characteristics under the Equality Act 2010. However, the Council's nominations to third sector and other users' groups will aim to ensure that the Council improves all aspects of how it works to tackle social exclusion.

List of Appendices

Appendix 1 - Nominations to Local Government Organisations 2021-22

Appendix 2 - Appointments to Outside Bodies 2021-22

Nominations to Local Government Organisations 2021/22

Organisation	Nominations	Term
London Councils Leader's Committee 1 Representative and 2 Deputies <i>(1 vote per authority)</i>	Representative: Councillor Stephen Cowan Deputies: Councillor Sue Fennimore Councillor Adam Connell	1 year to 25/5/22
London Councils Transport and Environment Committee 1 Representative and up to 4 Deputies	Representative: Councillor Wesley Harcourt Deputy: Councillor David Morton	1 year to 25/5/22
London Councils Grants Committee 1 Representative and up to 2 Deputies	Representative: Councillor Larry Culhane Deputy: Councillor Adam Connell	1 year to 25/5/22
Greater London Employment Forum (GLEF) 1 Representative and 1 Deputy	Nomination: Councillor Zarar Qayyum	1 year to 25/5/22
Greater London Provincial Council (GLPC) Appointment will be made from Leader's Cttee and GLEF nominated members	Nomination: Councillor Andrew Jones	1 year to 25/5/22
Local Government Association (LGA) General Assembly Up to 4 Representatives and 4 votes	Representatives: Councillor Stephen Cowan* Councillor Sue Fennimore Councillor Adam Connell Councillor Ben Coleman <i>*currently holds the 4 votes</i>	1 year to 25/5/22
LGA Urban Commission Up to 2 Representatives	Representative: Councillor Bora Kwon	1 year to 25/5/22

Appendix 2

Appointments to Outside Bodies

Organisation	Nominations	Term
Lyric Theatre Hammersmith Ltd (Board of Directors)	Councillor Jonathan Caleb-Landy (L) Councillor Patricia Quigley (L) Councillor Sue Fennimore (L) Councillor Bora Kwon (L)	1 year to 25/5/22
Riverside Trust Limited	Joe Gribble Councillor PJ Murphy (L) Jasmine Pilgrem	1 year to 25/5/22
Alternative Theatre Limited (Bush Theatre)	Khafi Kareem Vacancy	2 years to 25/5/22
Mortlake Crematorium Board	Councillor Fiona Smith (L) Councillor David Morton (L) Councillor Adronie Alford (C)	2 years to 25/05/22
Fulham Palace Trust	Caroline Needham John King	4 years to 25/05/22
Groundwork London	Councillor Rowan Ree (L)	3 years to 25/5/22
Western Riverside Environment Fund	Councillor David Morton (L)	Indefinite
Western Riverside Waste Authority	Councillor David Morton (L) *Councillor Wesley Harcourt (L) <i>*Western Riverside Waste Authority's (WRWA) representative to answer questions on the discharge of the WRWA's functions at Council meetings</i>	4 years to 25/05/22
London Archaeological Forum	Adrienne Clarke	-
SACRE (Standing Advisory Committee on Religious Education)	Councillor Rory Vaughan (L)	4 years to 25/05/22
Schools Admission Forum	Councillor Larry Culhane (L) Councillor Alexandra Sanderson (L) Councillor Lucy Richardson (L)	3 years to 25/5/22
Dr Edwards and Bishop Kings Fulham Charity	Councillor Iain Cassidy (L) Councillor Matthew Uberoi (L)	4 years to 25/5/22
Pocklington Apprenticeship Trust	Councillor Guy Vincent (L)	4 years to 25/5/22
Hammersmith and Fulham Community Law Centre	Councillor Guy Vincent (L)	4 years to 25/5/22

The Reserve Forces and Cadets Association in Greater London Volunteer Centre	Councillor David Morton (L)	3 years to 25/5/22
Hammersmith United Charities	Councillor Zarar Qayyum (L) Councillor Christabel Cooper (L) Vivienne Lukey Councillor Fiona Smith (L) Mark Higton	1 year to 25/5/22 4 years to 25/5/22
London Heliport Consultative Committee	Cllr Bora Kwon (L) Vacancy	4 years to 25/5/22 1 year to 25/5/22
CAB	Councillor Lisa Homan (L)	4 years to 25/5/22
Lygon Almshouses	Caroline Needham (L) Councillor Ann Rosenberg (L) Vie Lawrence-Gray David Morris Ms Ev Hesketh	4 years to 25/5/22
Sir William Powell Almshouses	Caroline Needham (L) Councillor Ann Rosenberg (L) Councillor Sharon Holder (L) Councillor Adronie Alford (C)	4 years to 25/5/22
Earls Court and Olympia Charitable Trust	Councillor David Morton (L) Councillor Daryl Brown (L)	2 years to 25/5/22
(Newable Ltd) Formerly Greater London Enterprise	Councillor Guy Vincent (L)	1 year to 25/5/22
Fulham Community Trust	Councillor Sharon Holder (L)	3 years to 25/5/22
Urban Partnership Group	Kamini Sanghani Jacolyn Daly	2 years to 25/5/22
Old Oak and Park Royal Development Corporation	Councillor Stephen Cowan (L) Councillor Wesley Harcourt (L) Councillor Natalia Perez (L) Substitute: Councillor Adam Connell (L) Councillor Zarar Qayyum (L)	4 years to 23/5/22
Chelsea and Westminster Hospital NHS Foundation Trust	Councillor Patricia Quigley (L)	1 year to 25/5/22
West London Economic Prosperity Board	Councillor Stephen Cowan (L) Substitute: Councillor Sue Fennimore (L)	1 year to 25/5/22

London Borough of Hammersmith & Fulham

Report to: Full Council

Date: 28 April 2021

Subject: Appointment of Independent Persons

Report of: The Leader of the Council - Councillor Stephen Cowan

Responsible Director: Rhian Davies, Monitoring Officer

Summary

The Localism Act 2011 requires local authorities to appoint at least one Independent Person to consider complaints against members and to offer their impartial views on each case, including any investigations undertaken. This report seeks the re-appointment of His Honour Judge John Rylance, Mr Tom Babbedge and Ms Dilina Ostborn.

Recommendations

1. That His Honour Judge John Rylance, Mr Tom Babbedge and Ms Dilina Ostborn be re-appointed as Independent Persons for a fixed term of two years.
 2. That the Council pay each appointed person a flat rate allowance of £504 per annum payable in line with the Members' Allowance scheme.
-

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Taking pride in H&F	Ensuring a high standard of governance across the Council.

Financial Impact

There is sufficient provision in the existing budget to fund the costs of the Independent Persons' allowances as contained in this report.

Legal Implications

The Localism Act 2011 requires local authorities to appoint at least one Independent Person to consider complaints against members and to offer their impartial views on each case, including any investigations undertaken.

Background papers used in preparing this report

Local Government Ethical Standards” the Committee on Standards in Public Life in January 2019: <https://www.gov.uk/government/collections/local-government-ethical-standards>

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Verified by Emily Hill, Director of Finance

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DETAILED ANALYSIS

Proposals

1. The Localism Act 2011 requires local authorities to appoint at least one Independent Person to consider complaints against members and to offer their impartial views on each case, including any investigations undertaken.
2. His Honour Judge John Rylance, Mr Tom Babbedge and Ms Dilina Ostborn were appointed as independent persons in March 2019 for a period of two years, renewable once. This report seeks to re-appoint them for a further two years.

Reasons for Decision

3. The Localism Act 2011 requires local authorities to appoint at least one Independent Person to consider complaints against members and to offer their impartial views on each case, including any investigations undertaken.

4. In its report “Local Government Ethical Standards” the Committee on Standards in Public Life in January 2019 recommended as best practice that local authorities should have access to at least two Independent Persons and that such appointments should be made for a term of two years renewable only once. Also, that an Independent Person needs not just to be independent according to the requirements of the Localism Act 2011 but should also show an ability to:
 - offer authoritative and impartial advice
 - maintain independence in a politically sensitive environment
 - gain the confidence of councillors, officers, and the public
 - make decisions on an impartial basis, grounded in the evidence
 - work constructively with the local authority and senior officers
 - act as an impartial advisor to the council on code of conduct matters.
 - provide a view on code of conduct allegations based on the evidence before them, and whilst being aware of the political context, should be politically neutral.

5. In 2019 the Independent Persons positions were advertised online and 17 local residents applied for the posts. From a very strong field, 7 people were interviewed by the Chair of the Audit, Pensions and Standards and Committee, the Monitoring Officer and Deputy Monitoring Officer. The Panel recommended for appointment:
 - His Honour Judge John Rylance – retired Deputy Circuit Judge, sitting mainly in County and Family Courts and as Chairman of Bar Disciplinary Tribunals.
 - Mr Tom Babbedge - Chief Scientist and Deputy Head of Systematic Strategies at Gresham Investment Management, a commodity investment firm.
 - Ms Dilina Ostborn - An experienced City dispute resolution lawyer.

6. It is recommended that they be re-appointed for a further two years.

List of Appendices

None.

Agenda Item 7.8

London Borough of Hammersmith & Fulham

Report to: Full Council

Date: 28 April 2021

Subject: Dispensation of absence for all Councillors

Report of: Councillor Stephen Cowan – The Leader of the Council

Responsible Director: Rhian Davies – Monitoring Officer

Summary

This report seeks approval of a special dispensation granted to all Councillors for any non-attendance at meetings of the authority for Covid related reasons to the end of October 2021.

Recommendation

To agree that any member unable to attend a council meeting for a period greater than six months for Covid related reasons, receives a dispensation further to section 85(1) of the Local Government Act 1972 to 31st October 2021.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Doing things with residents and not to them	Councillors have a key community leadership role to represent all constituents within their wards.
Building shared prosperity	The participation of all Councillor members in decision making and community engagement activities is in line with the Council's policies and priorities.

Financial Impact

There are no direct financial implications.

Legal Implications

Section 85 (1) of the Local Government Act 1972 makes provision in relation to member attendance at meetings. It provides that if a member fails to attend qualifying meetings for a period of 6 consecutive months from the date of their last

attendance, they shall cease to be a member of the authority unless, before the expiry of that period the authority has approved such non-attendance.

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Background Papers Used in Preparing This Report

None.

Detailed Analysis

1. Current provisions in the Coronavirus Act, which permit meetings of local authorities to be held remotely, will cease to have effect on 7 May 2021. The Government has advised that it will not take action to extend or replace these powers before May. The Ministry of Housing, Communities and Local Government (MHCLG) has recently signalled that it is sympathetic towards local authorities continuing to hold virtual meeting. There is currently a legal challenge by local government organisations, including Hertfordshire Council, Local Government Lawyers and the Association of Democratic Services Officers. The case is listed for 21st April.
2. The effects of the pandemic will continue beyond 7 May. To ensure members who are self-isolating, shielding, or otherwise unable to attend meetings in person for Covid related reasons are not unfairly impacted it would be reasonable for Full Council to grant a general authorisation of absence for all members until 31 October 2021.
3. Full Council previously agreed a special dispensation for members at its meeting in July 2020. During that period it was not required but it is prudent to have another authorisation of absence in place given the potential impacts of the pandemic.
4. The Council will be updated if the position changes.

Consultation and engagement

5. Both political groups support this proposal.

Reasons for Decision

6. Section 85 (1) of the Local Government Act 1972 makes provision in relation to member attendance at meetings. If a member fails to attend qualifying meetings for a period of 6 consecutive months from the date of their last attendance, they shall cease to be a member of the authority unless, before the expiry of that period the authority has approved such non-attendance.

Equality Implications

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

London Borough of Hammersmith & Fulham

Report to: Full Council

Date: 28 April 2021

Subject: Members' Allowances Scheme 2021-22

Report of: The Leader of the Council – Councillor Stephen Cowan

Responsible Director: Rhian Davies – Director of Resources

Summary

This report updates the Members' Allowances Scheme approved by Council at its meeting in November 2020.

Recommendation

1. That the Members' Allowances Scheme 2021/22 as set out in the report and attached as Appendix 1, be approved.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Creating a compassionate council	Freezing the allowance will ensure that scarce resources are spent on other key priorities such as meeting the needs of the most vulnerable in society.
Being ruthlessly financially efficient	In line with administration's priorities, the Council agreed in June 2014 to reduce the Special Responsibility Allowance by 10% and freeze the basic allowance at the 2014/15 level, both allowances will continue to be frozen in 2021/22.
Taking pride in H&F	H&F is one of the few London authorities to continuously freeze its allowances.

Financial Impact

Every councillor is entitled to a basic allowance of £8,940. Due to the responsibilities undertaken by some Councillors, they are also entitled to a Special Responsibility Allowance (SRA) ranging from £2,700 to £32,186.70. No councillor can claim two SRAs even if they hold two SRA posts.

The forecast cost of Member allowances in 2021/22 is listed below.

	Total
Basic Allowance	£411,240.00
Special Responsibility Allowance	£373,013.10
TOTAL	£784,253.10

The cost can be met from existing revenue budgets held for Members.

Legal Implications

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

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Verified by Emily Hill, Director of Finance

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Background Papers Used in Preparing This Report

Remuneration of Councillors in London Report 2018:-
<https://www.londoncouncils.gov.uk/who-we-are/about-us/financial-information/leadership-and-expenses/remuneration-councillors-london>

DETAILED ANALYSIS

Proposals and Analysis of Options

1. Council approved the 2021/22 Members' Allowances scheme at its meeting in November 2020. The Administration has nominated an Executive consisting of ten Cabinet Members with appropriate portfolios reflecting their responsibilities.
2. In June 2014, the Administration reduced the Special Responsibility Allowance (SRA) paid to Members by 10% and that under the scheme only one SRA will be paid to a Councillor in respect of duties undertaken. In line with Administration's priorities, it is recommended that the basic and special responsibility allowances are frozen for the 2021/22 financial year and remain the same as the 2014/15 scheme. The dependent carers allowance would be adjusted in line with the London living wage.
3. The updated scheme will take effect from 1st April 2021.

Independent Remuneration Panel's Report

4. The Council is formally required to undertake a review of its members' allowances scheme each financial year. Any changes in allowances are required to take into account the recommendations of a local independent panel on remuneration for Councillors. Where a scheme includes a provision for an automatic uplift, the operation of this provision may only be relied on for a period of four years before reference must again be made to a local independent remunerator's report and recommendations.
5. The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the London Councils independent remuneration panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a panel ('the Panel') was established and reported in 2001, 2003, 2006, 2010, 2014 and in January 2018. The Regulations requires a review of the scheme every four years as a minimum. The full report can be found on the London Councils website: <https://www.londoncouncils.gov.uk/who-we-are/about-us/financial-information/leadership-and-expenses/remuneration-councillors-london>
6. The Council has formally taken into account the recommendations of the Panel issued in January 2018. It was decided that the Council would continue to set its own Special Responsibility Allowance (SRA) in line with local conditions and retain its own basic rate allowance.
7. In line with the Panel's recommendations:
 - only one SRA is paid to a councillor in respect of duties with the same authority. Where a Councillor is entitled to two SRAs, he or she will be paid the highest allowance.

- the Council recognises the need for Dependent Carers payments to have regard to local circumstances and the nature of specialist care. The carer should be remunerated at not less than the London living wage hourly rate and payment should be made at a higher rate when specialist skills or care is required in order for the Member to attend and take part in meetings.
- The Council has an ongoing programme of member training and development and members are expected to participate.

Annual Local Government Pay Settlement

8. Although the Panel did not recommend a Councillor allowance increase, it continued to recommend that members' allowances be pegged to the annual local government pay settlement. Such pegging will ensure that councillors can receive annual increases which are in line with those received by staff.
9. The Panel recommended that Leaders should receive an allowance approximating the salary of a Member of Parliament but this recommendation has not been accepted by the Council. In 2014, the administration reduced SRA allowances by 10% and have frozen them each year since.

Review of Other Allowances

10. The current scheme has provision for a wide range of other allowances (see paragraphs 11 to 14 below).

Dependent Carer Allowance

11. Dependent carer allowance is payable in respect of expenses incurred for the care of a Councillor's children or dependants in attending meetings of the authority, its Executive, Committees and Sub-Committees and in discharging the duties set out in paragraph 7 of the Regulations. The Panel had recommended payment to be set at the London living wage, and (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required.
12. In line with the Panel's recommendation, the Council recognises the need for dependent carers payments to have regard to local circumstances and the nature of specialist care. The carer should be remunerated at not less than the London living wage of £10.85 per hour and payment should be made at a higher rate when specialist skills or care is required to attend meetings.

Travel & Subsistence

13. Travel allowances are payable (at the same rates as employees) for duties undertaken away from the Town Hall when discharging duties under paragraph 8 of the Regulations. There will be no payment for intra-borough travel under this scheme, for example the use of public transport, car mileage or payment of a cycle allowance, unless a member requires assistance to discharge his or her duties due to ill health, disability or any other

circumstances approved, in advance, by the Monitoring Officer. Taxis can be taken by Members who attend approved outside bodies and committee meetings out of the borough.

Sickness, Maternity and Paternity Allowance

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

Reasons for Decision

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

Equality Implications

16. The equalities implications of this decision have been considered to be neutral.

List of Appendices:

Appendix 1 – Members' Allowances Scheme 2021-22

Members' Allowances Scheme 2021-22
Effective from 1st April 2021

This scheme is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") for 2021/2022 and subsequent years. The allowances scheme has been prepared having regard to the report of the Independent Panel on the Remuneration of Councillors in London established by London Councils on behalf of all London Councils, co-authored by Sir Rodney Brooke CBE DL (Chair), Steve Bundred and Anne Watts CBE, and published in January 2018.

1. Basic Allowance

- 1.1 The Independent Remunerator's report suggests a flat-rate basic allowance be paid to each member of the authority of £11,045 per annum to be paid in 12 monthly instalments on the 15th of each month.
- 1.2 The Council has taken into account the independent remunerator's recommendation but has decided to retain its own basic rate allowance frozen at the 2008/09 level.

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

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

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

	No.	Basic Allowance	Total
All Councillors	46	£8,940	£411,240

2. Special Responsibility Allowances

- 2.1 Regard has been had to the recommendations in the independent remunerator's report for differential banding in relation to the payment of special responsibility allowances (SRAs), but in line with Administration's priorities, it has been decided to freeze the Council's own scheme of SRAs at the same level approved for 2014/15 and not to follow the independent remunerator's recommendations which would have proved considerably more costly to local council taxpayers.
- 2.2 The following Special Responsibility Allowances shall therefore be paid to Councillors holding the specified offices indicated:

Position	No	SRA Entitlement	Total SRA
The Leader	1	£32,186.70	£32,186.70
Deputy Leader	1	£26,816.40	£26,816.40
Other Cabinet members	8	£21,454.20	£171,633.60
Chief Whip (where not a member of Cabinet)	1	£21,454.20	£21,454.20
Deputy Chief Whip (2)	2	£5,564.70	£11,129.40
Chair of Policy & Accountability Committees	6	£5,564.70	£33,388.20
Leader of the Opposition	1	£16,086.60	£16,086.60
Deputy Leader of the Opposition	1	£5,564.70	£5,564.70
Opposition Whip	1	£5,564.70	£5,564.70
Chair of Planning and Development Control Committees, Audit Committee, *Pension Fund Committee, Licensing Committee, and *Councillor Member on Adoption and Fostering Panel (4)	3*	£5,564.70	£16,694.10
The Mayor	1	£10,729.80	£10,729.80
Deputy Mayor	1	£5,564.70	£5,564.70
Assistant to the Cabinet	6	£2,700.00	£16,200.00
Total	33		£ 373,013.10

*This portfolio holder receives only one SRA in respect of duties undertaken.

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

3. Other Allowances

Dependent Carer Allowance

- 3.1 Dependant carer allowance is payable in respect of expenses incurred for the care of a Councillor's children or dependants in attending meetings of the authority, its Executive, Committees and Sub-Committees and in discharging the duties set out in paragraph 7 of the Regulations.
- a) £5.45 per half hour before 10 pm; £5.85 per half hour after 10 pm (not payable in respect of a member of the Councillor's household).

Travel and Subsistence

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

Public Transport

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

Car mileage

- b) 45 pence per mile.

Subsistence

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

Sickness, maternity and paternity allowance

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

4. Annual increase

- 4.1 The allowances in this scheme apply to the financial year 2021/22. All allowances have been frozen at the 2014/15 level.

5. Election to forego allowances

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

6. Time limit for claims

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

7. Membership of more than one authority

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

8. Non-entitlement to more than one SRA

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

9. Pensions

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

10. Allowances for co-opted members and independent members of the Audit Committee, Pension Fund Committee, and Standards Committee

Co-optees

- 10.1 Co-opted members shall be paid £504.00 per annum by equal monthly instalments of £42.00 on the 15th of each month.
- 10.2 Co-opted members shall be entitled to the same travel and dependent carer allowances as Councillors, but shall not be entitled to subsistence payments.

Independent Members

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

Agenda Item 7.10

London Borough of Hammersmith & Fulham

Report to: Full Council

Date: 28 April 2021

SUBJECT: Revised Financial Regulations 2021

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

Responsible Director: Director of Finance – Emily Hill

SUMMARY

The current Financial Regulations, which form part of the Council's existing Constitution, were last approved by Full Council in July 2017. They have been subject to a comprehensive review and update and this report recommends the revised Financial Regulations for approval by Full Council.

The key changes relate to:

- aligning the financial limits with the key decision threshold and Contract Standing Orders (CSOs)
 - streamlining decision-making to enable the council to respond more effectively to emergent pressures, such as Covid-19, and make use of external funding opportunities, grants and other funding sources
 - ensuring that the Council can take forward major capital initiatives and investments, such as for affordable housing and regeneration, in a timely manner whilst ensuring they are subject to rigorous scrutiny and challenge
 - reflecting the requirements of the council's Ruthlessly Financially Efficient strategy
 - updating the presentation and content in line with guidelines and good practice, the current council structure and officer titles and Hampshire Integrated Business Centre financial processes.
-

RECOMMENDATION

To approve the revised Financial Regulations set out in Appendix 1.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	We need to always confirm that spend fits our Council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts.

Financial Impact

Financial Regulations provide the regulatory and governance framework which directs the way Hammersmith & Fulham Council undertakes its financial activities including financial planning, budget setting, budget monitoring, and closing of the accounts.

Compliance with the proposed amendments to the Financial Regulations are not expected to have any additional resource or direct costs implications for the finance service or departments. Where the proposals streamline current processes, the council may benefit from efficiencies of officer time.

Legal Implications

The Financial Regulations are an element of the Council's Constitution. The Local Government Act 2000 requires the Council to have and maintain a Constitution. Under section 151 of the Local Government Act 1972, 'every Local Authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.' The Financial Regulations set out these financial administration responsibilities. The Monitoring Officer is satisfied that the Council's Constitution continues to fulfil its stated purposes, as set out in Article 1 of the Constitution.

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Background Papers Used in Preparing This Report

None.

DETAILED REPORT

Background to the review

1. The financial regulations provide the framework for managing the council's finances. They apply to every member, officer and anyone acting on the council's behalf. The financial regulations were last comprehensively reviewed in 2017.
2. More recently in late 2019, changes have been made to the council's Constitution to amend the key decision threshold and to the financial limits included in the Contract Standing Orders. The financial regulations required review to ensure consistency with the changes to the Constitution and to avoid confusion.
3. In addition to the changes in the Constitution, the experience of the past year in the council's response and uncertainty around funding and financial implications Covid-19 pandemic has demonstrated the need for the Council to respond quickly to unforeseen events in the budget with potentially significant financial consequences. The financial regulations were therefore reviewed with a view to provide sufficient flexibility to allow officers and the Cabinet to respond to such unforeseen events and to streamline decision making processes, whilst ensuring transparency in financial decision making and reporting.
4. Finally, the Council has ambitious plans for the development of affordable housing and wider regeneration schemes within the borough and the recommendation in this report will afford greater pace in decision making. Members should note that for all significant capital schemes, clear and viable business cases must be drawn up; co-production/consultation with residents must take place and due diligence assessment work must be completed.
5. As the last review was completed in 2017, a fundamental review of the regulations has been completed to update current arrangements and references including a review against CIPFA guidelines and identified good practice elsewhere. The review also considered feedback on the operation of, and challenges with, the current financial regulations from officers and members.

Summary of changes

6. The format of the financial regulations has now changed to provide a shorter and more digestible summary of the most fundamental requirements in managing the council's financial affairs. These summarised financial regulations are supplemented by detailed appendices providing a reference guide to officers, members and any other parties acting on the council's behalf, relating to the specific elements of the financial regulations.
7. A summary of the most material changes has been set out in this report below

Financial authority limits

8. Limits for Officer and Cabinet Member Decisions have been amended to reflect the increase to the key decision threshold and streamline decision making. These limits are referenced in the main document and summarised in Appendix G of the financial regulations.
9. The financial regulations have also been updated to reflect the Commercial Revenue Committee's terms of reference which allows the Committee to agree business cases for new income opportunities of up to £1m. This allows the Council to react quickly to potential revenue opportunities, particularly as part of Covid-19 recovery, and respond to the future financial challenges.
10. In line with the previous amendment reported to Full Council in October 2019 the updated financial regulations require Full Council approval for revenue budget adjustments above £20m (3.8% of the council's gross budget of £528m, or equivalent to a fortnight's spend).
11. The council's capital programme includes a budget envelope of £50m, to provide operational flexibility, for taking forward the major projects, such as affordable housing, as set out in Capital Strategy. This was subject to Cabinet approval, agreement of funding and sign-off of an appropriate business case. The financial regulations have now been amended in line with the capital programme to allow Cabinet to approve new capital expenditure up to £50m. Any sum above this amount will require Full Council approval.
12. The financial regulations now include a schedule of authority levels for debt write-offs to reflect the other changes in financial authority above.

Grant and other external funding

13. During Covid-19 a large number of grants not envisaged in the budget were announced and received by the council. The financial regulations have been clarified to confirm that the Director of Finance can accept external grant funding and approve matching amendments to income and expenditure budgets following the award of new grants or other external funding where there is no net increase in the revenue budget or capital programme approved by Full Council. Such decisions will be reported with the next Cabinet Corporate Revenue or Capital Monitor report. This does not include the approval of match funding requirements which will need to be agreed in line with other authorities included within the financial regulations.
14. The council is in receipt of section 106 contributions, and the Community Infrastructure Levy, from developers. Arrangements for use of such funding is clarified with delegated authority for their application given to the Director of Finance in consultation with the Chief Planning Officer, the Cabinet Member for the Economy and the in consultation with the Cabinet Member for Finance and Commercial Services.

Treasury management

15. The financial regulations have clarified that although Full Council delegates responsibility for implementing the Treasury Management Strategy to the Director of Finance, there are some loans and investments that may be made outside the council's day to day treasury and cash management. In these cases, "non-specified investments" such as loans made to third parties and interests acquired in companies, joint ventures or other enterprises may be made for policy or operational purposes, for example regeneration, and will require the approval of Cabinet, following consultation with the Director of Finance and consideration of the business case.

Other

16. Other significant amendments include:

- tightened requirement that all requests for use of reserves must be agreed by the Director of Finance in consultation with the Chief Executive and Cabinet Member for Finance and Commercial Services before any other decision; this to reflect practices required by the Council's Ruthlessly Financially Efficient strategy and ensure decisions are in line with the council's reserves strategy and safeguard the council's future financial resilience
- explicit reference to the requirement for all decision reports to include a Finance Impact section which will be verified by the Director of Finance or his/ her nominated deputies in line with the Council's Ruthlessly Financially Efficient strategy.

Appendices:

Appendix 1 – Financial Regulations 2021

London Borough of Hammersmith & Fulham

FINANCIAL REGULATIONS 2021

Authorised by:

Director of Finance (Section 151 Officer)
Emily Hill

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1. Status of Financial Regulations

- 1.1 Financial regulations provide the framework for managing the council's financial affairs. They apply to every member and officer of the council and anyone acting on its behalf. The regulations apply to the control of both the General Fund finances (except for schools) and the Housing Revenue Account.
- 1.2 The Director of Finance is required to maintain and review the financial regulations and to request that any changes are approved by Full Council. The Director of Finance must also report, breaches of the financial regulations, where these occur, to the council.

2. Financial Management Roles and Responsibilities

- 2.1 A transparent framework of financial management responsibilities is essential to the effective management of the council's financial affairs.
- 2.2 Full Council is responsible for approving the council's overall policy framework and budget within which the Cabinet operates.
- 2.3 Cabinet is responsible for proposing the policy framework and budget to Full Council and discharging executive functions in accordance with it.
- 2.4 The Director of Finance has statutory and delegated duties in relation to the administration of the council's financial affairs and stewardship of financial assets including arrangements for financial planning, financial control, accounting, taxation, payment of creditors, income and debt, insurance, treasury management and management of pension and trust funds.
- 2.5 All officers are expected to exercise due care in relation to resources, assets, income and expenditure within their care and control and comply with these regulations and associated financial procedures and guidance, manage service delivery within agreed budgets and to ensure that the financial impact of all proposals are properly reflected in decision making reports.
- 2.6 The detailed financial roles and responsibilities of Full Council, Cabinet, Committees, Statutory Officers and Strategic Leadership Team (SLT) directors regarding the council's financial affairs are set out in **Appendix A**.

3. Financial Planning

- 3.1 Budgets enable the council to plan, authorise, monitor and control the way money is allocated and spent to achieve the council's objectives.

- 3.2 Full Council is responsible for agreeing the policy framework and budget, which will be recommended by the Cabinet. In terms of financial planning, the key elements are:
- the annual revenue budget and medium-term financial plan
 - the capital programme and strategy
 - the treasury management strategy.
- 3.3 It is unlawful for the Council to budget for a deficit, meaning that expenditure proposed to be incurred in a financial year should not exceed the resources available to it to meet that expenditure. Section 114 of the Local Government Finance Act 1988 requires the Director of Finance (as Section 151 Officer) to report to Full Council, Cabinet and the external auditor if the council or one of its officers has made, or is about to make, a decision which involves incurring unlawful expenditure.
- 3.4 The overall annual budget requirement and capital programme is recommended by the Cabinet and approved by Full Council. SLT directors and their budget managers are subsequently authorised to incur expenditure in accordance with the estimates that make up the budget.
- 3.5 To enable informed and transparent decision making, all Cabinet, Cabinet Member and Committee decision reports must incorporate a separate Finance Impact section which will be prepared by the departmental finance team and verified by the Director or Finance or his or her nominated deputies.

Budget format

- 3.6 The format of the budget will be approved by Full Council and recommended by the Cabinet on the advice of the Director of Finance. The budget will include the council's proposals regarding:
- council tax levels
 - investment in services, inflation and savings proposals
 - budget risks, reserves and balances
 - Equalities Impact Assessments.
- 3.7 The budget report will include a statement from the Director of Finance, under Section 25 of the Local Government Act 2003, regarding the adequacy of reserves and robustness of estimates.

Budget preparation

- 3.8 The Director of Finance is responsible for ensuring, after consultation and review by SLT, that a revenue budget is prepared on an annual basis, and a general revenue plan on a four-yearly basis and presented for consideration to the Cabinet. Full Council may amend the budget recommended by Cabinet, or ask Cabinet to reconsider it, before approving it.

Budget monitoring and control

- 3.9 The Director of Finance is responsible for providing appropriate financial information to enable budgets to be monitored effectively and to report to the Cabinet on the overall position on a regular basis.
- 3.10 It is the responsibility of SLT directors to control income and expenditure within their area and to monitor performance. They should report on variances and mitigating actions within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Director of Finance to any problems.

Resource allocation

- 3.11 The Director of Finance is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Full Council's policy framework. SLT directors are authorised to implement their service spending plans in accordance with the recommendations of the budget report and the council's Contract Standing Orders, Financial Regulations, relevant Schemes of Delegation and to undertake any further consultation required (including the Equalities Impact Assessment).

Preparation of the capital programme

- 3.12 The Director of Finance is responsible for ensuring that a four-year rolling capital programme and capital strategy is prepared jointly with SLT directors. This must be submitted on an annual basis for consideration by Cabinet before approval by Full Council.
- 3.13 The Council is required by the CIPFA Prudential Code for Capital Finance (2017) to agree a capital strategy when developing the capital programme. The 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, reward and delivery of the council's business plan.
- 3.14 The Director of Finance is responsible for ensuring that all relevant prudential indicators (as set out in the CIPFA Prudential Code for Capital Finance) are taken account of within the capital programme. The Director of Finance is also responsible for ensuring that the capital programme informs the treasury management strategy and Minimum Revenue Provision policy.

Maintenance and use of reserves

- 3.15 It is the responsibility of the Director of Finance to advise the Cabinet and Full Council on prudent levels of reserves.
- 3.16 Any call on reserves will need to first be authorised by the Director of Finance, in consultation with the Chief Executive and Cabinet Member for Finance and

Commercial Services and will be clearly identified in the Finance Impact section of the decision making report.

- 3.17 Further details on financial planning standards are set out in **Appendix B** to these regulations.

4. Managing Expenditure and the Scheme of Virement

In-year capital and revenue budget amendments

- 4.1 It may be necessary to amend the capital or revenue budget, previously approved by Full Council, during a financial year, because, for example:
- a) The creation of income and expenditure budgets may be required following the receipt of any third-party funding not anticipated in the budget report, such as new specific grant funding.
 - b) Virements between budget heads within departments or between departments (which do not increase the council's overall net budget requirement) to allow for operational changes such as a restructuring of services or change in service demand.
 - c) Use of a contingency provision or reserve to address an urgent spending pressure or deliver a policy change.
- 4.2 Budget amendments made during the course of the year in respect of grant funding not anticipated in the budget report and that have no overall net budget impact on the Council's revenue budget or capital programme may be approved by the Director of Finance and will be reported in the next Cabinet monitoring report for revenue or capital. Any requirement for match funding without any provision in the approved revenue budget or capital programme will require approval in line with the scheme of virement.

Why is the scheme of virement important?

- 4.3 The scheme of virement is administered by the Director of Finance. It is intended to enable the Cabinet, SLT directors and their staff to manage budgets with a degree of flexibility within the limits set out within these regulations.
- 4.4 The virement scheme rules are set out in the Table 1.

Table 1: Scheme of virement - revenue and capital budgets in-year amendments

Threshold	Decision maker	Responsibility of the Director of Finance: authorisation, consultation, reporting
Below £100,000 Virements between two or more departments	SLT directors	Director of Finance to authorise following a written request from the responsible SLT directors and comment if appropriate.
Below £100,000 Virements within a department	SLT director	Director of Finance to be notified, approval is not required.
Between £100,000 and below £300,000 Virements between two or more departments	Cabinet Members	Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services.
Between £100,000 and below £300,000 Virements within a department	Cabinet Member	Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services.
Between £300,000 and £20,000,000 (REVENUE)	Cabinet	Director of Finance to comment in Financial Impact section of decision report or include in Corporate Revenue Monitor.
Between £300,000 and £50,000,000 (CAPITAL)	Cabinet	Director of Finance to comment in Financial Impact section of decision report or include in Capital Monitor.
Above £20,000,000 (REVENUE) Above £50,000,000 (CAPITAL)	Full Council	Director of Finance to comment in Financial Impact section of decision report.

Threshold	Decision maker	Responsibility of the Director of Finance: authorisation, consultation, reporting
Special arrangements		
Government grant income and external funding – no threshold	Director of Finance – where matching income and expenditure budgets are required following the award of new specific grant or other external funding.	Director of Finance will report virements relating to grant income to Cabinet within the Corporate Revenue or Capital Monitoring reports.
New income opportunities up to £1,000,000 (gross)	Commercial Revenue Committee or Cabinet	Director of Finance to comment in Financial Impact section of decision report.
New Income opportunities between £1,000,000 and £20,000,000 (gross)	Cabinet	Director of Finance to comment in Financial Impact section of decision report.
S106 and Community Infrastructure Levy allocations	Director of Finance in consultation with the Chief Planning Officer, the Cabinet Member for the Economy and the Cabinet Member Finance and Commercial Services	
Use Financial Reserves	In line with thresholds above	Director of Finance to authorise any use of reserves, whatever value, in consultation with the Chief Executive and Cabinet Member for Finance and Commercial Services.
Use of Contingency Budgets	In line with thresholds above	Director of Finance to authorise any use of contingency budgets and report virements relating to contingency budget to Cabinet within the Corporate Revenue or Capital Monitoring reports.
Increase to borrowing requirements in respect of capital expenditure	In line with thresholds above	Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services.

5. Financial Management and Accounting

Accounting policies

- 5.1 The Director of Finance is responsible for selecting appropriate accounting policies and ensuring that they are applied consistently.

Accounting records and returns

- 5.2 The Director of Finance is responsible for determining the accounting procedures and records for the council.

Annual statement of accounts

- 5.3 The Director of Finance is responsible for ensuring that the annual statement of accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC).
- 5.4 To facilitate the prompt closing of the statement of accounts a number of actions which normally require prior Cabinet approval, for example use of reserves, budget virements, level of bad debt provision etc will need to be made in advance of the Cabinet timetable and cycle.
- 5.5 Authority is delegated at the financial year-end to the Director of Finance, in consultation with the Cabinet Member for Finance and Commercial Services, to take the decisions necessary to close and publish the statement of accounts in line with the statutory deadline. This will include the treatment of year-end balances including any carry-forward and realignment of reserves. The revenue and capital outturn position, reflecting the outcome of these decisions, is reported to Cabinet.
- 5.6 Further details on financial management standards are set out in **Appendix C** to this report.

6. Risk Management and Internal Control

- 6.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks. This should include the proactive participation of all those associated with planning and delivering services.

Risk management

- 6.2 The Director of Finance is responsible for preparing the risk management strategy statement, for promoting it throughout the council.

- 6.3 Directors, managers and staff, through their departmental management teams, are responsible for identifying, assessing and taking action to manage risks and monitor, review and escalate these as necessary. SLT is responsible for reviewing and corporate risks and the risk management strategy statement. The Audit Committee is responsible for approving the council's risk management strategy statement and for reviewing the effectiveness of risk management.
- 6.4 Insurance cover protects the Council from financial claims arising from unforeseen events such as damage to property or injury to employees or the public. The Director of Finance is responsible for ensuring that proper insurance exists where appropriate and for negotiating claims with insurers. SLT directors must advise the Insurance Service of any change to their activities and any loss, liability or damage covered by insurance.

Internal control

- 6.5 Internal control refers to the systems of control devised by management to help ensure the council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the council's assets and interests are safeguarded.

Audit

- 6.6 The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit.
- 6.7 The Local Audit and Accountability Act 2014 requires relevant authorities to appoint a local auditor to audit its accounts for a financial year and allows the Public Sector Audit Appointments (PSAA) to appoint an auditor to relevant local government bodies that opt into its national scheme.
- 6.8 The Code of Audit Practice is prepared and maintained by the National Audit Office and sets out what local auditors are required to do to fulfil their statutory responsibilities including work on both the financial statements and value for money arrangements.
- 6.9 The council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

Preventing fraud and corruption

- 6.10 The Director of Finance is responsible for the development and maintenance of an anti-fraud and anti-corruption strategy and whistleblowing policy.
- 6.11 The Council has nominated the Audit Committee to be responsible for the effective scrutiny of anti-fraud arrangements and activities.

Assets

- 6.12 SLT directors should ensure that assets are properly recorded, maintained and securely held. Assets should be safeguarded from loss or harm, utilised effectively and disposals undertaken in a controlled manner. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

Treasury management

- 6.13 The council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities which ensure proper processes for investment of cash balances and borrowing.
- 6.14 Full Council is responsible for approving the annual treasury management strategy and Minimum Revenue Provision policy. The Director of Finance, as Section 151 officer, has delegated responsibility for implementing and monitoring the strategy.
- 6.15 All money in the hands of the council is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the Chief Financial Officer (CFO), at Hammersmith & Fulham, the Director of Finance or in his or her absence, his or her deputies.
- 6.16 The Director of Finance is responsible for reporting to Cabinet the proposed treasury management strategy for the coming financial year at or before the start of each financial year.
- 6.17 All executive decisions on borrowing, investment or financing shall be delegated to the Director of Finance, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- 6.18 Other than loans and investments made as part of the council's day to day treasury management and cash balances, loans made to third parties and interests acquired in companies, joint ventures or other enterprises (non-specified investments) will require the approval of Cabinet, following consultation with the Director of Finance.
- 6.19 The Director of Finance is responsible for reporting not less than two times in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. The council has nominated the Audit Committee to be responsible for the effective scrutiny of the treasury management strategy and policies.

Banking

- 6.20 The Director of Finance is responsible for the operation of the council's bank accounts and the opening or closing any bank account shall require the approval of the Director of Finance.

- 6.21 Further details on risk management and internal control are set out in **Appendix D**.

7. Systems and Procedures

- 7.1 The council's accounting system provides the main source of data for management and financial accounts and government returns. These records must comply with legislation and proper accounting practice ensuring information is complete and recorded accurately in a timely manner with errors detected promptly and rectified.
- 7.2 The Director of Finance is responsible for the operation of the accounting and other financial systems, the form of accounts and the supporting financial records and issuing relevant guidance. Sound systems and procedures are essential to an effective framework of accountability and control. The key roles and responsibilities are set out in **Appendix E**.
- 7.3 Any changes made by SLT directors to the existing financial systems or the establishment of new systems must be approved by the Director of Finance. However, SLT directors are responsible for the proper operation of financial processes in their own departments. Any changes to agreed procedures by SLT directors to meet their own specific service needs should be agreed with the Director of Finance.

Income and expenditure

- 7.4 It is the responsibility of SLT directors to ensure that a proper scheme of authorisation (delegation) has been established within their area and is operating effectively. The scheme of authorisation should identify staff authorised to act on the SLT director's behalf, or on behalf of Cabinet, in respect of payments, income collection and placing orders, together with the limits of their authority.
- 7.5 SLT directors, as advised by the Director of Finance, should put in place and appropriate charging policy and effective income collection systems to ensure that all income due is identified, collected, receipted and banked properly. Where possible SLT Directors should seek to obtain income in advance of supplying goods or services.
- 7.6 Debts should only be written off once all reasonable venues have been exhausted or where they are considered uneconomical to pursue. Any write offs shall be on accordance with the following authorities.

Table 2: write-off authorities

Limit (individual debts)	Decision-maker	Notification/ Reporting
£10,000	SLT Director	Director of Finance
£100,000	Director of Finance	
£300,000	Cabinet Member for Finance and Commercial Services	Cabinet via Corporate Revenue Monitor
Unlimited	Cabinet	Director of Finance via verification of the Finance Impact section of the decision report

7.7 SLT directors are responsible for recommending to the Director of Finance any debts that are to be written off and to keep a record of all sums written off up to the relevant approved limit. Write-offs that exceed the departmental approved limits must get approval in accordance with the limits set out in Table 2.

7.8 The council’s procedures, including the Contract Standing Orders and payments processes, help to ensure value for money is achieved when spending public money. The Director of Finance should ensure that the financial systems and procedures are sound and properly administered to ensure expenditure and commitments are properly recorded and authorised on the financial systems and suppliers are paid for the provision of their goods and services. SLT directors should ensure that purchases are properly recorded, authorised and receipted in line with those procedures on the council’s financial systems.

Payments to employees and members

7.9 The Director of Resources is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to members through the council’s payroll processes and the proper calculation of National Insurance, pension contributions, income tax and other deductions.

7.10 The Director of Finance is responsible for making emergency payments to staff in exceptional circumstances such as payroll failure.

7.11 SLT directors should ensure that appointments are made in accordance with council policy and that adequate budget provision is available. Directors should ensure that changes effecting pay are promptly recorded on the Hampshire Integrated Business Centre (IBC) system to ensure the accuracy of payroll expenditure.

Taxation

- 7.12 Effective systems are required to ensure tax liabilities and obligations are properly accounted for and reported and that losses, fines and penalties are avoided.
- 7.13 The Director of Finance is responsible for advising SLT directors on all taxation issues. SLT directors should seek advice on potential tax implications of any new initiatives (especially property acquisitions or sales) at the planning stage and comply with the guidance issued by the Director of Finance.
- 7.14 The Director of Finance is responsible for maintaining the council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

Trading accounts/ business units

- 7.15 It is the responsibility of the Director of Finance to advise on the establishment and operation of trading accounts and business units.

8. External arrangements

- 8.1 The local authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.
- 8.2 Further details on systems and procedures are set out in **Appendix F** to this report.

Partnerships

- 8.3 In conjunction with the Chief Executive and the Director of Resources, the Director of Finance must also consider the overall corporate governance arrangements, risk and legal issues when arranging contracts with external bodies. All partnership governance arrangements must be underpinned by clear and well documented financial controls.
- 8.4 The Director of Finance must ensure that the accounting arrangements to be adopted relating to local authority trading companies, partnerships and joint ventures are satisfactory.
- 8.5 In conjunction with SLT directors, the Director of Finance must ensure that risks have been fully appraised before agreements are entered into with external bodies and that effective controls are in place to economy, efficiency and effectiveness.

- 8.6 Loans to any third parties, the establishment or acquisition of interests in companies, joint ventures or other enterprises (unspecified investments) will require the approval of Cabinet, following consultation with the Director of Finance to consideration of the business case.

External / grant funding

- 8.7 External funding is an important source of income but funding conditions must be considered before entry into any agreement is entered into.
- 8.8 It may be necessary to amend the capital or revenue budget during a financial year following the receipt of any third party funding not anticipated in the budget report. The Director of Finance can approve the creation of income and expenditure budgets that do not increase the Council's approved net budget due to new external funding. These will be reported within the Corporate Revenue or Capital Monitoring reports to Cabinet.
- 8.9 The Director of Finance is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the council's accounts.

Contracts with third parties/ trading

- 8.10 Cabinet and SLT directors are responsible for approving the contractual arrangements for any work for/ with third parties or external bodies in line with the Contract Standing Orders and the scheme of virement. New income opportunities up to £1m (gross) can be approved by the Commercial Revenue Committee.
- 8.11 The decision report for a new trading arrangement must include a business case including an assessment of the vires, risks and financial benefits and must include comment from the Director of Finance in Financial Impact section.

APPENDICES

APPENDIX A: ROLES AND RESPONSIBILITIES REGARDING THE COUNCIL'S FINANCIAL AFFAIRS

Full Council

- A.1 Full Council is responsible for approving the policy framework and budget within which Cabinet operates.

The Executive (Cabinet)

- A.2 Cabinet is responsible for proposing the policy framework and budget to Full Council, and for discharging executive functions in accordance with the policy framework and budget. Executive decisions can be delegated to a committee of Cabinet, an individual Cabinet member, an officer or a joint committee.
- A.3 Cabinet is responsible for establishing protocols to ensure that individual Cabinet members consult with relevant officers before taking a decision within his or her delegated authority. In doing so, the individual member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

Committees of Cabinet

Policy and Accountability Committees

- A.4 The Policy and Accountability Committees are responsible for scrutinising Cabinet decisions before or after they have been implemented and for holding Cabinet to account. They are also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the council.

Audit Committee

- A.5 The Audit Committee considers the council's annual accounts and audits, the council's risk management, and anti-fraud functions. It is an advisory body and reports to the full council. It has right of access to all the information it considers necessary and can consult directly with internal and external auditors. The committee is responsible for reviewing the external auditor's reports and the annual audit letter and internal audit's annual report.

Pension Fund Committee

- A.6 The Pension Fund Committee is responsible for the management of the Pension Fund, exercising the powers and duties of the council in relation to its functions as Administering Authority of the London Borough of Hammersmith and Fulham Pension Fund.

Standards Committee

- A.7 The Standards Committee is established by the Full Council and is responsible for promoting and maintaining high standards of conduct (including financial conduct) amongst councillors.

Commercial Revenue Committee

- A.8 The Commercial Revenue Committee has the power to approve new income opportunities and income generating business cases with a value of up to £1m.

The Statutory Officers

The Chief Executive (Head of Paid Service)

- A.9 The Chief Executive (as Head of Paid Service) is responsible for the corporate and overall strategic management of the council as a whole. He or she must report to and provide information for Cabinet, the Full Council, the policy and accountability committees and other committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Chief Executive is also responsible, together with the monitoring officer, for the system of record keeping in relation to all the Full Council's decisions (see below).

The Director of Resources (Monitoring Officer)

- A.10 The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Standards Committee. The monitoring officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the full council and/or to Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- A.11 The monitoring officer must ensure that Cabinet decisions and the reasons for them are made public. He or she must also ensure that council members are aware of decisions made by Cabinet and of those made by officers who have delegated executive responsibility. The monitoring officer is responsible for advising all councillors and officers about who has authority to take a particular decision.
- A.12 The monitoring officer is responsible for advising Cabinet or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- A.13 The monitoring officer (together with the Director of Finance) is responsible for advising Cabinet or Full Council about whether a decision is likely to be

considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:

- initiating a new policy
- committing expenditure in future years to above the budget level
- incurring interdepartmental transfers above virement limits
- causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

A.14 The monitoring officer is responsible for maintaining an up-to-date constitution.

Director of Finance (Chief Finance Officer/ Section 151 Officer)

A.15 The Director of Finance ¹ has statutory and delegated duties in relation to the financial administration and stewardship of the council. The statutory responsibilities cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations 2015
- The Local Government Pension Scheme Regulations 2013
- The Local Government Pension Scheme Regulations (Management and Investment of Funds) 2016
- Public Service Pensions Act 2013
- The Local Authorities Goods and Services Act 1970
- The Local Government Acts 2000 and 2003
- The Localism Act 2011.

A.16 The Director of Finance is responsible for:

- the proper administration of the council's financial affairs, including all arrangements concerning financial planning, financial control, accounting, taxation, income, debt management, insurance, investments, banking, bonds, loans, leading, borrowing, trust and pension funds, payment of creditors, salaries, wages and pensions
- setting and monitoring compliance with financial management standards, financial procedures and financial regulations
- preparing the revenue budget and capital programme
- ensuring accurate and timely financial information to enable effective budget monitoring and reporting and that effective action is taken to address variances
- advising on key financial controls necessary to secure sound financial management and decision making and to ensure that public funds and assets are properly safeguarded and used economically, efficiently and effectively

¹ See A Statement on the Role of the Director of Finance in Local Government (CIPFA,1999)

- maintaining and adequate and effective internal audit function and effective anti-fraud and corruption strategy
- preparing the council's risk management strategy and advising on the management of strategic, financial and operational risks
- preparing the council's annual statement of accounts and governance statement in accordance with the applicable codes of practice and legislative requirements
- preparing and implementing the treasury management strategy, including monitoring and reporting prudential indicators
- managing pension fund investments
- advising on risks and financial implications associated with joint working, external funding and trading opportunities.

A.17 Section 114 of the Local Government Finance Act 1988 requires the Director of Finance to report to the Full Council, Cabinet and external auditor if the council or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the council
- is about to make an unlawful entry in the council's accounts.

A.18 Section 114 also requires:

- the Director of Finance to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally
- the council to provide the Director of Finance with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

A.19 The Director of Finance may allocate his or her day-to-day responsibilities to an appropriate officer.

Strategic Leadership Team (SLT)

A.20 SLT provide strategic direction and leadership to the organisation as managed by the Chief Executive.

A.21 SLT's agenda includes:

- any reports which set or review strategy affecting more than one service² and which will have an impact beyond the current year;
- at least quarterly revenue and capital budget monitor;
- progress reports on H&F vision, annual delivery plan, S106 allocation etc.;
- space for strategic thinking and discussion;
- taking forward the budget strategy and capital programme.

² Inclusion of single service strategies to be based on judgement on wider impact beyond that service.

SLT directors

A.22 Whilst the Director of Finance has overall responsibility for the finances of the council, SLT directors and their budget managers are responsible for the management of their departments. Responsibilities relating to financial management include:

- Ensuring that all staff in their services are aware of the existence and content of the council's Financial Regulations and other internal regulatory documents and strategies and that they comply with them. They must also ensure that managers and staff are aware of these policies and know how to access them.
- Ensuring compliance with the financial management standards set by the Director of Finance in their services and to monitor adherence to the standards and practices, liaising as necessary with the Director of Finance.
- Maintaining sound systems of financial controls, ensuring all financial transactions are recorded in the council's finance system and system controls are followed.
- Ensuring prompt billing and collection of income.
- Ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial impact has been agreed by the Director of Finance.
- Managing service delivery and containing expenditure within agreed revenue and capital budgets.
- Approving contracts on behalf of the council in line with the Contract Standing Orders and approved budgets.
- Ensuring proper security and safe custody of assets under their control.
- Ensuring that the risks and financial implications associated with joint working, external funding and trading opportunities are properly evaluated and not entered without necessary approvals.
- Ensuring authorities are operated in accordance with delegated limits and written records of decisions are maintained.

A.23 It is the responsibility of SLT Directors to consult with the Director of Finance and seek approval on any matter liable to affect the council's finances materially, before any commitments are incurred.

APPENDIX B: FINANCIAL PLANNING

BUDGET PREPARATION AND BUSINESS PLANNING

- B.1 The budget represents the expression in financial terms of the council's policies and constitute a statement of intent against which judgements can be formed. Budgets are needed to enable the council to plan, authorise, monitor and control the way money is allocated and spent.
- B.2 The Director of Finance in consultation with each SLT Director must prepare a revenue budget for scrutiny prior to consideration by Cabinet and approval by Full Council. SLT directors may then spend within the amounts shown in the relevant budgets as long as the spending relates to the Council's existing policies. It is illegal for the council to budget for a deficit.
- B.3 The Director of Finance must collate capital estimates jointly with SLT Directors to submit them as a capital programme to Full Council. Capital expenditure involves acquiring or enhancing property, plant and equipment which will have a long term value to the council.
- B.4 To enable informed and transparent decision making, all Cabinet, Cabinet Member and Committee decision reports must incorporate a separate Finance Impact section which will be prepared by the departmental finance team and verified by the Director of Finance, or his or her nominated deputies. This section will identify costs, funding (including approved budget provision), level of savings, future commitments, financial risks and tax implications.

FORMAT OF THE BUDGET

- B.5 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits and sets the level at which funds may be reallocated within budgets.

Key controls

- B.6 The key controls for the budget format are:
- the format complies with all legal requirements
 - the format complies with CIPFA's Service Reporting Code of Practice
 - the format reflects the accountabilities of service delivery.

Responsibilities of the Director of Finance

- B.7 To advise Cabinet on the format of the budget that is approved by the Full Council.
- B.8 To ensure that estimates are accurately reflected on the Council's financial system (by 1 April or as soon as possible thereafter).

Responsibilities of SLT directors

- B.9 To comply with budgeting guidance provided by the Director of Finance.

REVENUE BUDGET PREPARATION AND MEDIUM-TERM FINANCIAL STRATEGY (MTFS)

- B.10 The revenue budget strategy or medium-term financial strategy (MTFS) approved by Full Council, sets out the Council's financial plan over four years with the revenue budget in year one, including:
- the way in which corporate priorities are considered as part of the Council's revenue budget process;
 - the level of balances and reserves as approved by the Director of Finance
 - the management of financial risks.
- B.11 The revenue budget will be recommended by Cabinet to Full Council for approval by the start of each financial year. The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the council. It is a legal requirement that the annual budget put forward to Full Council for approval is balanced and not in deficit.
- B.12 The Council's MTFS involves a planning cycle in which managers develop their own plans. As each year passes, another future year will be added to the MTFS. This ensures that the council is always preparing for events in advance.

Key controls

- B.13 The key controls for budgets and medium-term planning are:
- budget approval for all expenditure
 - budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability for their budgets and the level of service to be delivered
 - a monitoring process is in place to review the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

Responsibilities of the Director of Finance

- B.14 To prepare and submit reports on budget prospects for Cabinet, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.
- B.15 To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the Full Council, and after consultation with the Cabinet and SLT directors.

- B.16 To prepare and submit reports to the Cabinet on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.
- B.17 To advise on the medium-term implications of spending decisions.
- B.18 To encourage the best use of resources and value for money by working with SLT directors to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- B.19 To advise the Full Council on Cabinet proposals in accordance with his or her responsibilities under section 151 of the Local Government Act 1972.

Responsibilities of SLT Directors

- B.20 To prepare estimates of income and expenditure, in consultation with the Director of Finance to be submitted to Cabinet.
- B.21 To prepare budgets that are consistent with any cash limits, with the council's annual budget cycle and with guidelines issued by Cabinet. The format should be prescribed by the Director of Finance in accordance with the Full Council's general directions.
- B.22 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- B.23 In consultation with the Director of Finance and in accordance with the guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the appropriate committee.
- B.24 When drawing up draft budget requirements, to have regard to:
- spending patterns and pressures revealed through the budget monitoring process
 - legal requirements
 - policy requirements as defined by the Full Council in the approved policy framework
 - initiatives already under way.

REVENUE BUDGET MONITORING AND CONTROL

- B.25 Budget management ensures that once the budget has been approved by the Full Council, resources allocated are used for their intended purposes and are properly accounted for. The approval of the budget and estimates constitutes authority to incur expenditure. Budgetary control is a continuous process, enabling the review and adjustment of budgets during the financial year. It also provides the mechanism that calls managers to account for the elements of the budget for which they are responsible.

- B.26 Budget holders, supported by finance officers, identify changes in trends and resource requirements and are held to account for variances against budgets. The council operates within an annual cash budget approved by Full Council. To ensure that the council does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it. Any forecast revenue overspends or income shortfalls should be mitigated by compensating underspends or over achievement of income elsewhere.
- B.27 A budget is normally the planned income and expenditure for a service. Budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.

Key controls

- B.28 The key controls for managing and controlling the revenue budget are:
- there is a nominated budget manager for each cost centre
 - budget managers are responsible only for income and expenditure that they can influence
 - budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
 - budget managers follow an approved authorisation process for all expenditure
 - income and expenditure are properly recorded and accounted for
 - performance levels/ levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.

Responsibilities of the Director of Finance

- B.29 To establish an appropriate framework of budgetary management and control that ensures that:
- budget management is exercised within annual cash limits
 - each SLT director has timely information on income and expenditure which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
 - expenditure is recorded on the financial systems and committed only against an approved budget head
 - all officers responsible for committing expenditure comply with guidance and the financial regulations
 - each cost centre has a single named manager, determined by the relevant SLT director
 - significant variances from approved budgets are investigated and reported by budget managers regularly.
- B.30 To administer the scheme of virement.
- B.31 To prepare and submit reports to the Cabinet on the forecast income and expenditure compared with the budget on a regular basis.

Responsibilities of SLT directors

- B.32 To maintain budgetary control within their departments and to ensure that all income and expenditure is properly recorded and accounted for.
- B.33 To ensure that an accountable budget manager is identified for each area of income and expenditure under the control of the SLT director (grouped together in a series of cost centres).
- B.34 To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- B.35 To ensure that a monitoring process is in place to review performance levels/ levels of service in conjunction with the budget and is operating effectively.
- B.36 To prepare and submit to the Cabinet reports on the department's forecast expenditure compared with its budget, and financial risks, in consultation with the Director of Finance.
- B.37 To ensure prior approval by the Full Council or Cabinet (as appropriate) for new proposals that:
- create financial commitments in future years
 - change existing policies, initiate new policies or cease existing policies
 - materially extend or reduce services.
- B.38 To ensure compliance with the scheme of virement.
- B.39 To agree with the relevant SLT director where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or SLT director's level of service activity.

RESOURCE ALLOCATION

- B.40 A mismatch often exists between available resources and required resources. It is important that spending plans are carefully prioritised and resources are fairly allocated to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

Key controls

- B.41 The key controls for resource allocation are:
- resources are acquired in accordance with the law and using an approved authorisation process
 - resources are used only for the purpose intended, to achieve the approved policies and objectives and are properly accounted for
 - resources are securely held for use when required

- resources are used with the minimum level of waste, inefficiency or loss for other reasons.

Responsibilities of the Director of Finance

- B.42 To advise on methods available for the funding of resources, such as grants and borrowing requirements.
- B.43 To assist in the allocation of resources to budget managers.

Responsibilities of SLT Directors

- B.44 To work within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.
- B.45 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

CAPITAL PROGRAMME

- B.46 Capital expenditure involves acquiring or enhancing assets with a long-term value to the council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.
- B.47 The council is required to comply with the CIPFA Prudential Code for Capital Finance in Local Government (2017) when agreeing its financing capacity. This means that a capital strategy is required that sets out the long-term context in which capital investment decisions are made and the governance for those decisions. The strategy 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.

Key controls

- B.48 The key controls for the capital programme are:
- Approval by the Full Council for the programme of capital expenditure and capital strategy.
 - The setting, and monitoring of the capital programme must pay due regard to the relevant prudential indicators regarding affordability; prudence and sustainability; value for money; stewardship of assets.
 - The presentation of regular monitoring reports to Cabinet.
 - Approval and expenditure on capital schemes needs to comply with the Council's guidance on being ruthlessly financial efficient.
 - Amendments and additions to the capital programme must be made in accordance with the scheme of virement.
 - Proposals for improvements and alterations to buildings must be approved by the appropriate SLT directors.

- Schedules for individual schemes within the overall budget approved by the Full Council must be submitted to the relevant decision maker for approval.
- The development and implementation of asset management plans.
- Accountability for each proposal is accepted by a named project manager.
- Monitoring of progress including expenditure against approved budget.

Responsibilities of the Director of Finance

- B.49 To prepare, jointly with SLT directors, an annual four-year rolling capital programme and capital strategy for consideration by Cabinet before approval by Full Council including expenditure and sources of funding.
- B.50 To prepare and submit reports to Cabinet on the projected income, expenditure and resources compared with the approved estimates.
- B.51 To issue and monitor compliance with guidance concerning capital schemes and controls, for example, on business case requirements and project appraisal techniques and other project/ programme management requirements.
- B.52 To ensure revenue implication of the programme are included within the revenue budgets and MTFS.
- B.53 To ensure any schemes requiring in-year approval are approved in line with the scheme of virement.

Responsibilities of SLT Directors

- B.54 To comply with guidance concerning capital schemes and controls issued by the Director of Finance.
- B.55 To ensure that all capital proposals have undergone a project appraisal and established a business case in accordance with guidance issued by the Director of Finance.
- B.56 To undertake robust financial management of the project and prepare quarterly forecast of schemes in the approved capital programme for submission to the Director of Finance. Approval for forecast overspends should be requested at the earliest opportunity.
- B.57 To ensure that adequate records are maintained for all capital contracts.
- B.58 To proceed with projects only when there is adequate provision in the capital programme.
- B.59 To prepare and submit reports, jointly with the Director of Finance, to Cabinet, on completion of all projects where the final expenditure exceeds the

approved contract sum and set out what action was taken to maintain expenditure within budget.

- B.60 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Director of Finance and, if applicable, approval of the scheme through the capital programme.
- B.61 To consult with the Director of Finance where the SLT director proposes to bid for additional government grant to support expenditure that has not been included in the current year's capital programme.

MAINTENANCE AND USE OF RESERVES

- B.62 The council must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as to fund transformation.

Key controls

- B.63 To maintain reserves in accordance with the Code of Practice on Local Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed accounting policies.
- B.64 For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- B.65 Any requests for use of reserves must be made by the appropriate SLT director in consultation with the Chief Executive, the Director of Finance and the Cabinet Member for Finance and Commercial Services.
- B.66 A reserves strategy is approved by the Cabinet with regular monitoring updates and agreement of relevant action plans.

Responsibilities of the Director of Finance

- B.67 To advise Cabinet and/or the Full Council on prudent levels of reserves for the council and to take account of the advice of the external auditor in this matter.
- B.68 To present a reserves strategy to the Cabinet, as necessary.
- B.69 To present regular monitoring updates on the level of reserves to Cabinet and implement agreed action plans.

Responsibilities of SLT directors

- B.70 To ensure that reserves are used only for the purposes for which they were intended.

MANAGING EXPENDITURE AND SCHEME OF VIREMENT

- B.71 The terms virement refers to transfers of budgets between or within cost centres. They are used for specific circumstances and can relate to transfers within a department (between expenditure types or between services) or between departments (such as in the case of a corporate restructure or transfer of responsibility for services) or use of centrally held budgets including contingency or reserves.

Key controls

- B.72 The scheme is administered by the Director of Finance within guidelines set by Full Council in the financial regulations. Any variation from this scheme requires the approval of the Full Council.
- B.73 SLT directors are expected to manage their budgets responsibly and prudently. For example, they should avoid funding recurring expenditure from one-off savings / income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources.
- B.74 Any call on reserves will need to first be agreed by the Director of Finance in consultation with the Chief Executive and Cabinet Member for Finance and Commercial Services.

Responsibilities of the Director of Finance

- B.75 To control and administer the scheme of virement in line with these regulations.
- B.76 To record approved virements (whether permanent or temporary) on the council's financial systems and report these in monitoring reports to Cabinet.

Responsibilities of SLT directors

- B.77 To ensure all proposed virements comply with these regulations.
- B.78 To notify the Director of Finance of all proposed virements.

APPENDIX C: FINANCIAL MANAGEMENT

FINANCIAL MANAGEMENT AND ACCOUNTING

- C.1 Financial Management covers all financial accountabilities in relation to the running of the council, including the policy framework and budget.
- C.2 All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

Key Controls

- C.3 The key controls and control objectives for financial management standards are:
- their promotion throughout the council
 - a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to Cabinet and Full Council.

Responsibilities of the Director of Finance

- C.4 To ensure the proper administration of the financial affairs of the council.
- C.5 To set the financial management standards and to monitor compliance with them.
- C.6 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the council.
- C.7 To advise on the key strategic controls necessary to secure sound financial management.
- C.8 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

Responsibilities of SLT Directors

- C.9 To promote the financial management standards set by the Director of Finance in their departments and to monitor adherence to the standards and practices, liaising as necessary with the Director of Finance.
- C.10 To promote sound financial practices in relation to the standards, performance and development of staff in their departments.

TREATMENT OF YEAR-END BALANCES

- C.11 The Director of Finance is responsible for final carry forward of any under- and over-spending on budget headings and any realignment of reserves as part of the accounts closure process and reporting these to Cabinet.

Key controls

- C.12 Appropriate accounting procedures are in operation to ensure that carried-forward totals are correct.

Responsibilities of the Director of Finance

- C.13 To administer the scheme of carry-forward:
- To consider the year-end treatment of departmental underspends and overspends to taking account of the Council's overall budget strategy (revenue and capital) and financial performance.
 - To ensure any carry forward shall not exceed the net total departmental underspending for the year and will not be carried forward whatsoever in the event of net departmental overspend at the year end.
 - In the event of net council overspending not to carry forward any departmental underspends.
 - To report all year-end overspends and underspends to Cabinet in the outturn report.

Responsibilities of SLT Directors

- C.14 Net underspends on service estimates under the control of the director must be used in the first instance to offset any overspendings under their control. In exceptional cases, directors may make an application to the Director of Finance for the carry forward of underspends.
- C.15 All internal business unit surpluses shall be retained for the benefit of the council.

Responsibilities of Schools

- C.16 Schools may carry-forward surplus balances from one financial year to the next. Schools may also carry forward deficit balances which will be deducted from the school's budget share in the following financial year at the discretion of the Local Authority. Schools budget plans must include provision to recover any deficit from the previous year.
- C.17 Schools may not plan for a budget deficit except in exceptional circumstances. A school that wishes to operate a deficit will be required to obtain in advance the agreement of the Director of Children's Services and the Director of Finance. The Director of Children's Services and Director of Finance shall jointly have the authority to agree a licensed deficit of £50,000 or less. Deficits above this level require the prior approval of members, in line with the Scheme of Delegation. Proposals shall be accompanied by a detailed plan setting out how the

arrangement is to be accommodated as the first call on the next year's budget share.

ACCOUNTING POLICIES

- C.18 The Director of Finance is responsible for the preparation of the council's statement of accounts, in accordance with proper practices as set out in the format required by the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC), for each financial year ending 31 March.

Key controls

- C.19 The key controls for accounting policies are:
- systems of internal control are in place that ensure that financial transactions are lawful
 - suitable accounting policies are selected and applied consistently
 - proper accounting records are maintained
 - financial statements are prepared which give a true and fair view of financial position of the council and its expenditure and income.

Responsibilities of the Director of Finance

- C.20 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year and covers such items as:
- separate accounts for capital and revenue transactions
 - the basis on which debtors and creditors at year end are included in the accounts
 - details on substantial provisions and reserves
 - property, plant and equipment
 - depreciation
 - capital charges
 - stocks
 - accounting for value added tax
 - government grants
 - leasing
 - pensions.

Responsibilities of SLT Directors

- C.21 To adhere to the accounting policies and guidelines approved by the Director of Finance.

ACCOUNTING RECORDS AND RETURNS

- C.22 Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to give a true and fair view of its operations during the year. These are subject to external audit.

This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the council's resources.

Key controls

- C.23 The key controls for accounting records and returns are:
- all Cabinet members, finance staff and budget managers operate within the required accounting standards and timetables
 - all the council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
 - procedures are in place to enable accounting records to be reconstituted in the event of systems failure
 - reconciliation procedures are carried out to ensure transactions are correctly recorded
 - prime documents are retained in accordance with legislative and other requirements.

Responsibilities of the Director of Finance

- C.24 To determine the accounting procedures and records for the council. Where these are maintained outside the finance department, the Director of Finance should consult the SLT directors concerned.
- C.25 To arrange for the compilation of all accounts and accounting records under his or her direction.
- C.26 To comply with the following principles when allocating accounting duties:
- separating the duties of providing information about sums due to or from the council and calculating, checking and recording these sums from the duty of collecting or disbursing them
 - employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- C.27 To make proper arrangements for the audit of the council's accounts in accordance with the Local Audit and Accountability Act 2014.
- C.28 To ensure that all claims for funds including grants are made by the due date.
- C.29 To prepare and publish the audited accounts of the council for each financial year, in accordance with the statutory timetable.
- C.30 To administer the council's arrangements for under- and overspendings to be carried forward to the following financial year.
- C.31 To ensure the proper retention of financial documents in accordance with the requirements set out in the council's document retention schedule.

Responsibilities of SLT directors

- C.33 To consult and obtain the approval of the Director of Finance before making any changes to accounting records and procedures.
- C.34 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- C.35 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Director of Finance.

THE ANNUAL STATEMENT OF ACCOUNTS

- C.36 The council has a statutory responsibility to prepare its own accounts that give a true and fair view of its operations during the year. The Audit and Pensions Committee is responsible for approving the statutory annual statement of accounts.

Key controls

- C.37 The key controls for the annual statement of accounts are:
- the council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this council, that officer is the Director of Finance.
 - the council's statement of accounts must be prepared in accordance with proper practices as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP) (CIPFA/LASAAC)*.

Responsibilities of the Director of Finance

- C.38 To select suitable accounting policies and to apply them consistently.
- C.39 To make judgements and estimates that are reasonable and prudent.
- C.40 To comply with the SORP.
- C.41 To sign and date the statement of accounts, stating that gives a true and fair view of the financial position of the council at the accounting date and its income and expenditure for the year ending 31 March of each year.
- C.42 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

Responsibilities of SLT Directors

- C.43 To comply with accounting guidance provided by the Director of Finance and to supply the Director of Finance with information when required.

CONTRACT MANAGEMENT – FINANCIAL ASPECTS

- C.44 During the life of a contract, SLT directors must ensure that the Council's approved processes for contract management, as set out in the Contract Standing Orders are adhered to.
- C.45 To ensure continuous improvement and value for money is achieved, SLT directors must ensure those responsible for managing contracts have sufficient training and expertise so that:
- the Council maintains its approach to being ruthless financially efficient
 - Contract performance and key performance indicators are suitably developed, monitored and enforced with any reduction in performance acted upon and recorded
 - there is compliance with specification and contract terms, ensuring the Director of Finance is informed where there is a significant breach of contract values or terms
 - robust cost management / budget monitoring is in place including ensuring a purchase order is placed before goods or services are ordered, reconciliation of payments against work done, supplies or services delivered meet the Council's requirements and payment is only made after goods or services have been properly received.

APPENDIX D: RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

- D.1 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. It is an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- D.2 Risk Management is the responsibility of all employees, members and partners and they are required to give due regard to risk as part of their working practice.

Key controls

- D.3 The key controls for risk management are:
- all officers are aware of their responsibility for the adequate management of their risks.
 - members are actively involved in the scrutiny of the risk management process and arrangements.
 - officers promote a culture of risk management awareness.
 - corporate, departmental, programme/ project and where appropriate service risk or themed registers are produced, maintained and updated periodically.
 - suitable contingencies are made for risks that may be triggered resulting in financial or non-financial losses or harm.
 - formal business continuity plans are prepared and tested for implementation in the event of a disaster that results in significant loss or damage to its assets, business, or resources.

Responsibilities of the Director of Finance

- D.4 Preparation and promotion of the risk management strategy statement.
- D.5 To establish a risk management arrangements and culture across the council with the objective self-identification, assessment, prevention, treatment or containment of risks.

Responsibilities of SLT Directors

- D.6 To take responsibility for risk management, having regard to advice from the Director of Finance and other specialist officers (eg crime prevention, insurance, fire prevention, health and safety).
- D.7 To champion and support the use of risk management in their departments and be responsible and accountable for the risk management arrangements, including the maintenance, update and review of risk registers and risk strategies relative to their operational services on a periodic basis.
- D.8 To report on such risks in their department that may affect the strategic objectives of the council to the Strategic Leadership Team.
- D.9 To consult the Director of Finance and the head of legal services on the terms of any indemnity that the council is requested to give.
- D.10 To notify the Director of Finance immediately of any loss, liability or damage that may lead to a claim against the council, together with any information or explanation required by the Director of Finance or the council's insurers.
- D.11 To notify the Director of Finance promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- D.12 To ensure that employees, or anyone covered by the council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- D.13 To ensure business continuity plans are maintained and regularly tested.

INSURANCE

- D.14 The Council affects insurance for high level risks, where it is economic to do so, in order to protect its taxpayers against the impact on local charges, should a catastrophe occur.
- D.15 It is essential that departments advise the Insurance service of any change to their activities which insurance underwriters might consider could materially affect risk. Failure to do so might vitiate the insurance cover.

Key controls

- D.16 The key controls for insurance are to some extent linked to risk management, and they are that:
- procedures are in place to identify, assess, prevent or minimise material known risks, and these procedures are operating effectively throughout the council
 - monitoring and regular review of risk reduction strategies takes place
 - procedures are in place to identify and record all insurances and the

property or risk covered

- procedures are in place to notify and record the occurrence of any incident or loss that may give rise to a claim by the Council for recovery from insurance companies of the loss
- procedures are in place to notify the Insurance Service of any claim against the Council
- procedures are in place to investigate claims within required timescales.

Responsibilities of the Director of Finance

- D.17 In consultation with SLT directors, to effect a long-term strategy to meet the Council's insurance requirements.
- D.18 To affect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with relevant officers, where necessary.
- D.19 To include all appropriate employees in a suitable fidelity guarantee insurance.
- D.20 To undertake a review of requirements to support the annual renewal of insurance contracts.
- D.21 To ensure that insurance provisions are adequate to meet anticipated claims.
- D.22 To develop and maintain a claims and risk management database including the identification of claims trends and areas of risk.
- D.23 To continually monitor requirements and ensure that insurance covers are appropriate and cost effective.
- D.24 To maintain insurance cover, including Public Liability Insurance and offer insurance cover to schools.

INTERNAL CONTROL

- D.25 Sound systems of internal control as essential to the proper economic, efficient and effective use of resources, the achievement of objectives and the safeguarding of public funds.
- D.26 The system of internal controls is established in order to provide measurable achievement of:
- efficient and effective operations
 - reliable financial information and reporting
 - compliance with laws and regulations
 - risk management.

Key controls

- D.27 The key controls and control objectives for internal control systems are:
- key controls should be reviewed on a regular basis and the council should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively
 - managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action
 - financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
 - an effective internal audit function that is properly resourced and which operates in accordance with the Public Sector Internal Audit Standards and with any other statutory obligations and regulations.

Responsibilities of the Director of Finance

- D.28 To advise on an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- D.29 To conduct an annual review of effectiveness of the system of internal control and report the results in the council's Annual Governance Statement.

Responsibilities of SLT directors

- D.30 Maintain effective systems of internal control, check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- D.31 To review existing controls and to establish and implement new or remove unnecessary/ not cost effective controls as necessary in line with guidance from the Director of Finance.
- D.32 To ensure staff have a clear understanding of the consequences of lack of control.

AUDIT REQUIREMENTS

Internal audit

Why is this important?

- D.33 The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit.

D.34 Internal audit is an independent and objective appraisal function established for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control in securing the proper, economic, efficient and effective use of resources.

Key controls

D.35 The key controls for internal audit are:

- that it is independent in its planning and operation
- the head of internal audit has direct access to the head of paid service, all levels of management and directly to elected members
- the internal auditors comply with the Public Sector Internal Audit Standards.

Responsibilities of the Director of Finance

D.36 To maintain an adequate and effective internal audit service.

D.37 To ensure that internal auditors have the authority to:

- access council premises at reasonable times
- access all assets, records, documents, correspondence and control systems
- receive any information and explanation considered necessary concerning any matter under consideration
- require any employee to account for cash, stores or any other asset under his or her control
- access records belonging to third parties, such as contractors, when required
- directly access the head of paid service, Cabinet and Audit Committee.

D.37 To consider the annual audit plans prepared by the head of internal audit, which take account of the characteristics and relative risks of the activities involved and are reported to the Audit Committee.

D.38 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

Responsibilities of SLT directors

D.39 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and provided with information and explanations they seek.

D.40 To consider and implement promptly to recommendations in audit reports.

D.41 To notify the Director of Finance immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the council's property or resources. Pending investigation and reporting, the SLT directors should take

all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

- D.42 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the head of internal audit prior to implementation.

EXTERNAL AUDIT

- D.43 The Local Audit and Accountability Act 2014 requires relevant authorities to appoint a local auditor to audit its accounts for a financial year and allows the Public Sector Audit Appointments (PSAA) to appoint an auditor to relevant local government bodies that opt into its national scheme. The external auditor has rights of access to all documents and information necessary for audit purposes.
- D.44 The basic duties of the external auditor are defined in the Local Government Act 1999 and the Local Audit and Accountability Act 2014. The Code of Audit Practice is prepared and maintained by the National Audit Office and sets out what local auditors are required to do to fulfil their statutory responsibilities including work on both the financial statement and value for money arrangements.
- D.45 The council's accounts are scrutinised by external auditors who must be satisfied that the statement of accounts gives a true and fair view of the financial position of the council and its income and expenditure for the year in question and complies with the legal requirements.

Key controls

- D.46 External auditors are appointed by the PSAA. The National Audit Office prepares a code of audit practice, which external auditors follow when carrying out their audits.

Responsibilities of the Director of Finance

- D.47 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
- D.48 To ensure there is effective liaison between external and internal audit.
- D.49 To work with the external auditor and advise the Full Council, Cabinet, Audit Committee and SLT directors on their responsibilities in relation to external audit.

Responsibilities of SLT Directors

- D.50 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- D.51 To ensure that all records and systems are up to date and available for inspection.

PREVENTING FRAUD AND CORRUPTION

- D.52 The council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the council.
- D.53 The council's expectation of propriety and accountability is that members and staff at all levels act with integrity and with due regard to matters of probity and propriety and comply with legal requirements, rules, procedures and practices.
- D.54 The council also expects that individuals and organisations (eg suppliers, contractors, service providers) with whom it comes into contact will act with integrity and without thought or actions involving fraud and corruption.

Key controls

- D.55 The key controls regarding the prevention of financial irregularities are:
- an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption
 - all members and staff act with integrity
 - senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the council or who are corrupt
 - high standards of conduct are promoted amongst members by the Standards Committee
 - the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded
 - whistle blowing procedures are in place and operate effectively
 - legislation including the Public Interest Disclosure Act 1998 is adhered to.

Responsibilities of the Director of Finance

- D.56 To develop and maintain an anti-fraud and anti-corruption strategy and whistleblowing policy.
- D.57 To advise on controls require for fraud prevention and detection.
- D.58 To ensure that all suspected irregularities are reported to the chief internal auditor, the head of paid service, Cabinet and Audit Committee.

Responsibilities of SLT directors

- D.59 To comply with the council's policy and strategies.
- D.60 To ensure that all suspected irregularities are reported to the chief internal auditor.
- D.61 To instigate disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- D.62 To ensure that where financial impropriety is discovered, the Director of Finance is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.

ASSETS

Security

- D.63 The council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper accounting and sound asset management.

Key controls

- D.64 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:
- resources are used only for the purposes of the council and are properly accounted for
 - resources are available for use when required
 - resources no longer required are disposed of in accordance with the law and the regulations
 - an asset register is maintained, assets are recorded when they are acquired and this record is updated as changes occur with respect to the location and condition of the asset
 - all staff are aware of their responsibilities with regard to safeguarding assets and information, including the requirements of the Data Protection Act and software copyright legislation
 - all staff are aware of their responsibilities with regard to safeguarding the security of computer systems, including maintaining restricted access to the information held on them and compliance with the computer and internet security policies.

Responsibilities of the Director of Finance

- D.65 To ensure that an asset register is maintained and valuations obtained in accordance with accounting requirements.
- D.66 To ensure assets acquisitions and disposals are properly recorded.
- D.67 To receive the information required for accounting, costing and financial records from each SLT director.

Responsibilities of SLT directors

- D.68 To ensure that lessees and other prospective occupiers of council property are not allowed to take possession or enter the land until a lease or appropriate agreement has been established as appropriate.
- D.69 To ensure the proper security of all buildings and other assets under their control and for vacant premises to undertake risk assessments.
- D.70 To review land or buildings surplus to requirements.
- D.71 To ensure that no asset is subject to personal use by an employee without proper authority.
- D.72 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the council.
- D.73 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- D.74 To consult the Director of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- D.75 To ensure cash holdings on premises are kept to a minimum.
- D.76 To ensure that keys to safes are carried on the person of those responsible at all times; loss of any such keys must be reported to the Director of Finance as soon as possible.
- D.77 To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the Director of Finance that best practice under s123 Local Government Act 1972 or other Act of Parliament is followed and Cabinet agrees otherwise.
- D.78 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value and its disclosure or loss could result in a cost to the council in some way.

INTELLECTUAL PROPERTY

- D.79 Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee.
- D.80 Certain activities may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

Key controls

- D.81 In the event that the council decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the approved intellectual property procedures.

Responsibilities of the Director of Finance

- D.82 To develop and disseminate good practice through intellectual property procedures.

Responsibilities of SLT Directors

- D.83 To ensure that controls are in place to ensure that staff do not carry out private work in council time and that staff are aware of an employer's rights with regard to intellectual property.

ASSET DISPOSAL

- D.84 It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and council policies and procedures.

Key controls

- D.85 Assets for disposal are identified and are disposed of at the most appropriate time and only when it is in the council's best interests and the best price is obtained, bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction. Procedures protect staff involved in the disposal from accusations of personal gain.

Responsibilities of the Director of Finance

- D.86 To issue guidelines representing best practice for disposal of assets.
- D.87 To ensure appropriate accounting entries are made to remove the value of disposed assets from the accounting records and to include the sale proceeds if appropriate.

Responsibilities of SLT directors

- D.88 To seek advice from advisors on the disposal of surplus or obsolete materials, stores or equipment.
- D.89 To ensure that income received for the disposal of an asset is properly banked and coded.

TREASURY MANAGEMENT, BANKING AND CASH

- D.90 Many millions of pounds pass through the council's books each year. Codes of practice aim to provide assurances that money is properly managed in a way that balances risk with return but with the overriding consideration being given to the security of the capital sum.

Key controls

- D.91 That the council's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the council's treasury management strategy.

Responsibilities of Director of Finance

- D.92 To prepare and present an annual treasury management strategy to Cabinet, prior to submission to Full Council for approval.
- D.93 To arrange the borrowing and investments in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the treasury management strategy through maintenance and adherence to treasury management practices.
- D.94 To report at least twice a year on treasury management activities.
- D.95 To operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the Director of Finance.
- D.96 To provide cash or bank imprest accounts where necessary and to prescribe rules for operating these accounts.
- D.97 To determine petty cash limits and to maintain a record of all transactions, and periodically to review the arrangements for the safe custody and control.
- D.98 To ensure that all investments and borrowing are made in the name of the council.
- D.99 To ensure that all securities that are the property of the council or its nominees and the title deeds of all property in the council's ownership are held in the custody of the appropriate SLT director.

D.100 To act as the council's registrar of stocks, bonds and mortgages and to maintain records of all money borrowed by the council.

Responsibilities of SLT directors

D.101 To follow the instructions on banking issued by the Director of Finance.

D.102 To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of Cabinet, following consultation with the Director of Finance.

D.103 To arrange for all trust funds to be held, wherever possible, in the name of the council. All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Director of Finance, unless the deed otherwise provides. To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

D.104 To arrange, where funds are held on behalf of third parties, for their secure administration and to maintain written records of all transactions.

D.105 To ensure that employees operating an imprest account:

- obtain and retain vouchers to support each payment including VAT invoices where appropriate
- make adequate arrangements for the safe custody of the account
- produce upon demand by the Director of Finance, cash and all vouchers to the total value of the imprest amount
- record transactions promptly
- reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder
- provide the Director of Finance with a certificate of the value of the account held at 31 March each year
- ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made
- on leaving the employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Director of Finance for the amount advanced to him or her.

STAFFING

D.106 In order to provide the highest level of service, it is crucial that the council recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

Key controls

D.107 The key controls for staffing are:

- an appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched
- procedures are in place for forecasting staffing requirements and cost
- controls are implemented that ensure that staff time is used efficiently and to the benefit of the council
- checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

Responsibilities of the Director of Finance

D.108 To ensure that budget provision exists for existing and new employees.

D.109 To act as an advisor to SLT directors on areas such as National Insurance and pension contributions, as appropriate.

Responsibilities of SLT directors

D.110 To produce an annual staffing budget and ensure that the staffing budget is not exceeded without due authority.

D.111 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.

APPENDIX E: FINANCIAL SYSTEMS AND PROCEDURES

GENERAL

- E.1 The council is reliant on electronic financial management systems in relation to purchasing, costing and financial management. The information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- E.2 The Director of Finance has a professional responsibility to ensure that the financial systems are sound and should be notified of any new developments or changes.

Key controls

- E.3 The key controls for systems and procedures are:
- basic data exists to enable the council's objectives, targets, budgets and plans to be formulated
 - performance is communicated to the appropriate managers on an accurate, complete and timely basis
 - early warning is provided of deviations from target, plans and budgets that require management attention
 - operating systems and procedures are secure.

Responsibilities of the Director of Finance

- E.4 To make arrangements for the proper administration of the council's financial affairs, including to:
- issue advice, guidance and procedures for officers and others acting on the council's behalf
 - determine the accounting systems, form of accounts and supporting financial records
 - establish arrangements for audit of the council's financial affairs
 - approve any new financial systems to be introduced
 - approve any changes to be made to existing financial systems.

Responsibilities of SLT directors

- E.5 To ensure that accounting records are properly maintained and held securely.
- E.6 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Director of Finance.
- E.7 To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.

- E.8 To incorporate appropriate controls to ensure that, where relevant:
- all input is genuine, complete, accurate, timely and not previously processed
 - all processing is carried out in an accurate, complete and timely manner
 - output from the system is complete, accurate and timely.
- E.9 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- E.10 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- E.11 To ensure that systems are documented and staff trained in operations.
- E.12 To consult with the Director of Finance before changing any existing system or introducing new systems.
- E.13 To establish a scheme of delegation identifying officers authorised to act upon the SLT director's behalf in respect of payments, income collection and placing orders, including variations and showing the limits of their authority.
- E.14 To maintain appropriate authorised officers on the IBC system with appropriate delegated limits.
- E.15 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- E.16 To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
- E.17 To ensure that relevant standards and guidelines for computer systems are observed.
- E.18 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- E.19 To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
- only software legally acquired and installed is used on its computers
 - (b) staff are aware of legislative provisions
 - (c) in developing systems, due regard is given to the issue of intellectual property rights.

INCOME AND EXPENDITURE

Income

- E.20 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves cashflow and also avoids the time and cost of administering debts.

Key controls

- E.21 The key controls for income are:
- all income due is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed
 - all income is collected from the correct person, at the right time, using the correct procedures
 - money received by an employee on behalf of the council is paid without delay to council's bank account, and properly recorded. The responsibility for cash collection should be separated from that:
 - for identifying the amount due
 - for reconciling the amount due to the amount received
 - effective action is taken to pursue non-payment within defined timescales
 - formal approval for debt write-off is obtained
 - appropriate write-off action is taken within defined timescales
 - appropriate accounting adjustments are made following write-off action
 - all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule
 - money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

Responsibilities of the Director of Finance

- E.22 To agree arrangements for the collection of all income due and to approve the procedures, systems and documentation for its collection.
- E.23 To approve the write-off of bad debts up to an approved limit in each case and to refer larger sums to Cabinet and keep a record of all sums written off.
- E.24 To ensure that appropriate accounting adjustments are made following write-off action.

Responsibilities of SLT Directors

- E.25 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.

- E.26 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- E.27 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- E.28 To ensure that income is paid fully and promptly into the appropriate bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.
- E.29 To ensure income is not used to cash personal cheques or other payments.
- E.30 To record details of work done, goods supplied, services rendered or other amounts due on the IBC system, or other relevant financial system, to record correctly the sums due and to ensure accounts are sent out promptly.
- E.31 Monitor recovery of income and flag up areas of concern to the Director of Finance. SLT Directors have a responsibility to assist the Director of Finance in collecting debts that they have originated, by providing any further information requested by the debtor and in pursuing the matter on the council's behalf.
- E.32 To keep a record of every transfer of money between employees of the council. The receiving officer must sign for the transfer and the transferor must retain a copy.
- E.33 To recommend to the Director of Finance all debts to be written off. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- E.34 To obtain the approval of the Director of Finance to writing off debts, and the approval of Cabinet where required.
- E.35 To notify the Director of Finance of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Finance.

Expenditure

Why is this important?

- E.36 Public money should be spent with demonstrable probity and in accordance with the council's policies. The council has a statutory duty to achieve best value in part through economy and efficiency. The council's procedures help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the

contracts standing orders and procurement procedures and the council's constitution.

- E.37 Every officer and member has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions, in accordance with appropriate codes of conduct.
- E.38 Purchase orders must be issued for all work, goods or services to be supplied to the council, except for supplies of utilities, periodic payments such as rent or rates, procurement card payment, petty cash purchases or other exceptions specified by the Director of Finance.
- E.39 Standard terms and conditions must not be varied without consultation with legal services.
- E.40 Apart from petty cash, schools' own bank accounts and other payments from advance accounts, the normal method of payment shall be by BACs or exceptionally by CHAPS, drawn on the council's bank account by the Director of Finance. The use of direct debit shall require the prior agreement of the Director of Finance.
- E.41 Purchase orders must not be raised for any personal or private purchases, nor must personal or private use be made of council contracts.

Key controls

- E.42 The key controls for ordering and paying for work, goods and services are:
- all goods and services are ordered and approved only by appropriate persons and are correctly recorded on the IBC system
 - all goods and services shall be ordered in accordance with the contract standing orders
 - goods and services received are checked to ensure they are in accordance with the order, goods should not be received by the person who placed the order
 - payments are not made unless goods have been received to the correct price, quantity and quality standards and receipted on the IBC system
 - all payments are made to the correct person, for the correct amount and are properly recorded
 - all appropriate evidence of the transaction and payment documents are retained and stored, in accordance with the document retention schedule
 - all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.

Responsibilities of the Director of Finance

- E.43 To ensure that all the financial systems and procedures are sound and properly administered.

- E.44 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- E.45 To make payments from the council's funds on appropriate authorisation that the expenditure has been duly incurred.
- E.46 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- E.47 To make payments to contractors once approvals have been completed including the certification of the details of the value of work, retention money, amounts previously certified and amounts now certified.
- E.48 To provide advice and encouragement on making payments by the most economical means.
- E.49 To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

Responsibilities of SLT directors

- E.50 To ensure that the relevant financial procedures are followed including raising and approval of purchase orders on the IBC system and that these are raised only used for goods and services provided to the department.
- E.51 To ensure that the IBC system is up to date to ensure officers have appropriate levels of authorisation of orders and invoices. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary.
- E.52 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order and recorded on the IBC system. This check should, where possible, be carried out by a different officer from the person who authorised the order.
- E.53 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
 - receipt of goods or services
 - that the invoice has not previously been paid
 - that expenditure has been properly incurred and is within budget provision
 - that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
 - correct accounting treatment of tax
 - that the invoice is correctly coded
 - that discounts have been taken where available

- that appropriate entries will be made in accounting records.
- E.54 To ensure that IBC procedures are followed in the ordering, receiving and payment process.
- E.55 To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice. Any instances of these being rendered should be reported to the head of internal audit.
- E.56 To encourage suppliers of goods and services to receive payment by the most economical means. It is essential, however, that payments made by direct debit have the prior approval of the Director of Finance.
- E.56 To ensure procurement cards are properly controlled all expenses are reviewed, recorded and authorised on the online system and supported by receipts.
- E.57 To ensure that the department obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality in line with the Contract Standing Orders.
- E.58 To utilise the central purchasing procedures in line with the Contract Standing Orders.
- E.59 To ensure that employees are aware of the code of conduct for local government employees (summarised in the procedures and conditions of employment manual).
- E.60 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Director of Finance.
- E.61 To notify the Director of Finance of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Finance.
- E.62 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes.
- E.63 To notify the Director of Finance immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- E.64 To ensure that all appropriate payment records are retained and stored in accordance with the document retention schedule.
- E.65 To comply with the Contract Standing Orders and these regulations.

PAYMENTS TO EMPLOYEES AND MEMBERS

E.66 Staff costs are the largest item of expenditure for the Council. It is important that payments are accurate, timely, made only where they are due and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that members' allowances are authorised in accordance with the scheme adopted by the Full Council.

Key controls

- E.67 The key controls for payments to employees and members are:
- proper procedures are in place and are adhered to in relation to:
 - starters
 - leavers
 - variations
 - enhancementsand that payments are made on the basis of timesheets or claims
 - frequent reconciliation of payroll expenditure against approved budget
 - all appropriate payroll documents are retained and stored in accordance with the document retention schedule
 - that Inland Revenue regulations are complied with.

Responsibilities of the Director of Resources

- E.68 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- E.69 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- E.70 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- E.71 To make arrangements for paying members travel or other allowances.
- E.72 To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

Responsibilities of SLT Directors

- E.73 To ensure appointments are made in accordance with policy and procedures and approved establishments, grades and scale of pay and that adequate budget provision is available.
- E.74 To ensure that all appointments, terminations or variations which may affect the pay or pension of an employee or former employee are promptly recorded on the IBC system.

- E.75 To ensure that adequate and effective systems and procedures are operated, so that:
- payments are only authorised to bona fide employees
 - payments are only made where there is a valid entitlement
 - conditions and contracts of employment are correctly applied
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- E.76 To ensure that payroll transactions are processed only through the IBC payroll system. SLT directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Assistant Director of People and Talent.
- E.77 To ensure staff comply with IBC expense monitoring procedures. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable, ensuring that cost-effective use of travel arrangements is achieved.

Responsibilities of members

- E.78 To submit claims for members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

TAXATION

- E.79 The council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

Key controls

- E.80 The key controls for taxation are:
- budget managers are provided with relevant information and kept up to date on tax issues
 - budget managers are instructed on required record keeping
 - all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
 - records are maintained in accordance with instructions
 - returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the Director of Finance

- E.81 To ensure completion of all HMRC Revenue returns regarding PAYE by the IBC.

- E.82 To complete a monthly return of VAT inputs and outputs to HMRC.
- E.83 To provide details to the HMRC regarding the construction industry tax deduction scheme.
- E.84 To provide advice and up-to-date guidance for employees on taxation issues including the council's VAT Manual.
- E.85 To manage the council's partial exemption position.

Responsibilities of SLT Directors

- E.86 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
- E.87 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- E.88 To ensure that all persons employed are added to the IBC payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- E.89 To seek advice on potential tax implications of any new initiatives or capital projects (including property acquisitions or sales) at the planning stage.
- E.90 To follow the guidance on taxation issued by the Director of Finance.

TRADING ACCOUNTS AND BUSINESS UNITS

- E.91 The Council is required to keep any trading accounts for services provided on a basis other than straightforward recharge of cost.

Responsibilities of the Director of Finance

- E.92 To advise on the establishment and operation of trading accounts and business units.

Responsibilities of SLT Directors

- E.93 To consult with the Director of Finance where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.
- E.94 To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged.

E.95 To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.

E.96 To ensure that each business unit prepares an annual business plan.

APPENDIX F: EXTERNAL ARRANGEMENTS

PARTNERSHIPS

- F.1 Partnerships can play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. The Council can work in partnership with others – public agencies, private companies, community groups and voluntary organisations.
- F.2 The Council can mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations.

General

- F.3 The main reasons for entering into a partnership are:
- the desire to find new ways to share risk and expertise
 - the ability to access new resources
 - to provide new and better ways of delivering services
 - to forge new relationships.
- F.4 A partner is defined as either:
- an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project or
 - a body whose nature or status give it a right or obligation to support the project.
- F.5 Partners participate in projects by:
- acting as a project deliverer or sponsor, solely or in concert with others
 - acting as a project funder or part funder
 - being the beneficiary group of the activity undertaken in a project.
- F.6 Partners have common responsibilities:
- to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
 - to act in good faith at all times and in the best interests of the partnership's aims and objectives
 - be open about any conflict of interests that might arise
 - to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
 - to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
 - to act wherever possible as ambassadors for the project.

Key controls

- F.7 The key controls for partners are:

- if appropriate, to be aware of their responsibilities under the financial regulations and the contract standing orders
- to ensure that risk management processes are in place to identify and assess all known risks
- to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise
- to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
- to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

Responsibilities of the Director of Finance

- F.8 To advise on effective controls that will ensure that resources are not wasted.
- F.9 To advise on the key elements of funding partnerships including:
- viability
 - risk appraisal and management
 - resourcing and taxation
 - audit, security and control requirements.
- F.10 To ensure that the accounting arrangements are satisfactory.

Responsibilities of SLT Directors

- F.11 To maintain a register of all contracts entered into with external bodies on Capita esourcing.
- F.12 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared and that arrangements do not impact adversely upon the services provided by the council.
- F.13 To ensure that all agreements and arrangements are properly documented and monitored.
- F.14 To provide appropriate information to the Director of Finance to enable appropriate record of all arrangements and disclosure in the disclosure in the statement of accounts.

EXTERNAL / GRANT FUNDING

- F.15 External funding is a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the council.

Key controls

- F.16 The key controls for external funding are:

- to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood
- to ensure that funds are acquired only to meet the priorities approved in the policy framework by the Full Council
- to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Director of Finance

- F.17 To approve the receipt of funding and creation of income and expenditure budgets, required as a result of a new external funding not envisaged in the budget, where these do not increase the council's approved net budget.
- F.18 To ensure that all funding notified by external bodies is received and properly recorded in the accounts.
- F.19 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- F.20 To ensure that audit requirements are met.

Responsibilities of SLT directors

- F.21 To ensure that all claims for funds are made by the due date.
- F.22 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred, eligible for grant and recorded.

WORK FOR THIRD PARTIES/ TRADING

- F.23 Current legislation enables the council to provide a range of services to other bodies. Such work may economies of scale and maintain existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires.

Key controls

- F.24 The key controls for working with third parties are:
- proposals are costed properly in accordance with guidance provided by the Director of Finance.
 - contracts are drawn up using guidance provided by the legal services and that the formal approvals process is adhered to
 - guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of Director of Finance

- F.25 To issue guidance with regard to the financial aspects of third-party contracts, including accounting and control.
- F.26 To advise on the financial impact of any proposed trading agreement.

Responsibilities of SLT Directors

- F.27 To ensure that the relevant approval is obtained before any negotiations are concluded to work for third parties.
- F.28 To maintain a register of all contracts entered into with third parties.
- F.29 To ensure that appropriate insurance arrangements are made.
- F.30 To ensure wherever possible, payment is received in advance of the delivery of the service and that the council is not put at risk from any bad debts.
- F.31 To ensure that no contract is subsidised by the council.
- F.32 To ensure that the department has the appropriate expertise to undertake the contract.
- F.33 To ensure that such contracts do not impact adversely upon the services provided for the council.
- F.34 To ensure that all contracts are properly documented.
- F.35 To ensure appropriate approvals are in place before proceeding.

GRANTS TO VOLUNTARY AND COMMUNITY ORGANISATIONS

- F.36 Grants to voluntary bodies and community organisations can be a cost-effective means of facilitating and achieving corporate and service objectives.

Key Controls

- F.37 Decisions to approve assistance to an outside body by grant or other assistance in kind should be based on assurance that the following requirements have been met or will be met to ensure the council's interests are protected before any grant or assistance is actually made:
- the receiving body has been properly identified, has suitable lead parties, a defined work area or purpose, and suitable trust documents or constitution
 - any conflicts of interest have been declared and properly managed
 - any risks to such agreements and to the council's interests are being adequately and appropriately managed
 - it will be possible to confirm proper use of the council's assistance
 - the assistance contributes to the delivery of the council's services or to the achievement of the council's corporate objectives

- the extent and purpose of the assistance have been properly identified
- arrangements for the repayment of any loan have been made
- arrangements to gain repayment or recovery for the value of the assistance are in place in the event of default by the recipient
- any specific conditions relating to the assistance have been identified
- monitoring arrangements have been put in place to ensure the assistance is used for the purpose approved
- the recipient will provide evidence demonstrating proper accounting for, and use of, the assistance, including, access to the accounts and to supporting information, documents and evidence
- a legally binding agreement is in place between the Council and the body covering the above conditions relating to the use of grant or other assistance
- full records will be maintained of all grants and related applications for assistance, which should identify which staff are involved in the processing of applications and grants, and record the date of approval of any grant or other assistance, and by whom, and any other relevant transaction information
- members will approve all grants and assistance to external bodies, except where such annual assistance in total is less than £20,000 in value to any one body, and there is budgetary provision for such assistance, and it does not form a commitment of future years' budgets which can be approved by the relevant SLT director
- members may approve a framework for the administration of any specified class of grant and assistance over the value of £20,000 by the relevant SLT director for the efficient conduct of business.

Responsibilities of the Director of Finance

- F.38 To advise on effective controls.
- F.39 To advise on any funding implications of grants or assistance.
- F.40 To ensure the accounting arrangements are satisfactory.

Responsibilities of SLT directors

- F.41 To ensure that the key controls set out above are implemented in respect of all grants made and assistance provided.
- F.42 To undertake any research, i.e. by making enquiries of the Charity Commission, into the financial standing of proposed grant receiving bodies.
- F.43 To ensure the use of any standard, with any specific conditions incorporated therein as advised by legal services.

Appendix G: Schedule of Financial Authority

The Schedule of Financial Authority sets out the approved financial limits within which Cabinet, Cabinet Members and the Strategic Leadership Team (SLT) may conduct financial business. SLT directors may appoint appropriate “authorised officers” to act on their behalf. However, in all cases where the “authorised officer” acts on behalf of the SLT director the SLT director remains accountable and must:

- Maintain a written record or authorised officers
- Ensure appropriate segregation of duties are in operation
- Ensure compliance with the financial limits within the schedule, the financial regulations, contract standing orders and other financial and HR polices and procedures.

Changes limits reported in this schedule can only be made following review by the Director of Finance and by approval of Full Council on the recommendation of the Cabinet Member for Finance and Commercial Services.

Ref	Description	Limit value	Approver	Authorisation / Consultation/ Notification/ Reporting
4.4	Intra-department (within a department) revenue virements	<£100,000	SLT Director	Director of Finance notified
		£100,000 – £299,999	Cabinet Member	Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services
		£300,000 – £19,999,999	Cabinet	Director of Finance consulted via verification of Finance Impact
		£20,000,000	Full Council	Director of Finance consulted via verification of Finance Impact
4.4	Intra-department (between departments) revenue virements	<£100,000	SLT Director	Director of Finance to authorise
		£100,000 – £299,999	Cabinet Member	Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services

		£300,000 – £19,999,999	Cabinet	Director of Finance consulted via verification of Finance Impact in decision report or Cabinet Revenue Monitoring report
		£20,000,000	Full Council	Director of Finance consulted via verification of Finance Impact in decision report
4.4	Other revenue virements	<£100,000	SLT Directors	Director of Finance to authorise
		£100,000 – £299,999	Cabinet Members	Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services
		£300,000 – £19,999,999	Cabinet	Director of Finance consulted via verification of Finance Impact in decision report or Cabinet Revenue Monitoring report
		£50,000,000	Full Council	Director of Finance consulted via verification of Finance Impact in decision report
4.4	Capital virements	<£100,000	SLT Director	Director of Finance to authorise
		£100,000 – £299,999	Cabinet Member	Director of Finance to authorise in consultation with the Cabinet Member for Finance and Commercial Services
		£300,000 – £49,999,999	Cabinet	Director of Finance consulted via verification of Finance Impact in decision report or Capital Monitoring report
		£50,000,000	Full Council	Director of Finance consulted via verification of Finance Impact in decision report
4.4 8.8	External / government grant funding (no net effect on budget)	Unlimited	Director of Finance	Report to Cabinet in Corporate Revenue of Capital Monitoring reports.

4.4 8.10	New income opportunities	£999,999	Commercial Revenue Committee or Cabinet	Director of Finance consulted via verification of Finance Impact in decision report
		£1,000,000 and £20,000,000 (gross)	Cabinet	Director of Finance consulted via verification of Finance Impact in decision report
4.4	Developer contributions	Unlimited	Director of Finance	Decision made in consultation with the Chief Planning Officer, the Cabinet member for the Economy and the Cabinet Member for Finance and Commercial Services
3.16 4.4	Use of Financial Reserves	Any value	Subject to the other revenue and capital limits above however see authorisation section	Any use of reserves must first be authorised by the Director of Finance in consultation with the Chief Executive and the Cabinet Member for Finance and Commercial Services
4.4	Use of Contingency Budgets	Any value	Subject to the other revenue and capital limits above however see authorisation section	Any use of contingency budgets must first be authorised by the Director of Finance reported to Cabinet in Corporate Revenue of Capital Monitoring reports
4.4	Increase in borrowing for capital purposes	Any value	Subject to the capital limits above however see authorisation section	Any use of borrowing must first be authorised by the Director of Finance in consultation with the Cabinet Member for Finance and Commercial Services
6.18 8.6	Investment in non-specified investments (loans to third parties, interests acquired in companies or joint ventures)	Any value	Cabinet	Director of Finance consulted via verification of Finance Impact in decision report

7.6	Debt write offs (individual debts)	<£10,000	SLT Director	Director of Finance notified
		£10,000 - £99,999	Director of Finance	
		£100,000 - £299,999	Cabinet Member for Finance and Commercial Services	On recommendation of the Director of Finance Reported to Cabinet via Corporate Revenue Monitor
		£300,000+	Cabinet	On recommendation of the Director of Finance
7.8	Purchase order approval (where budget authority is already in place) <i>Limits enforced through IBC access controls</i>	Unlimited	SLT Director	
		£5m	Chief Officers and Assistant Directors	
		£2m	Heads of Service	
		£500,000	Budget Manager	
		£50,000	Team Leader	
		£10,000	Supervisor	
F37	Grants to voluntary and community organisations	<£20,000	SLT Director	
		£20,000 - £299,999	Deputy Leader	
		£300,000+	Cabinet	

[End of Report]

London Borough of Hammersmith & Fulham

Report to: Full Council

Date: 28 April 2021

Subject: Review of the Constitution

Report of: The Leader of the Council - Councillor Stephen Cowan

Responsible Director: Rhian Davies, Monitoring Officer

Summary

The Council's Monitoring Officer is required to review the Council's Constitution each year to ensure that its aims and principles are given full effect in accordance with Article 15 of the Constitution. A report on this subject is therefore included on the Annual Council meeting agenda each year.

Recommendations

1. That the changes to Council Procedure Rules in Appendix 1 be approved.
 2. That Full Council notes that Wormwood Scrubs Charitable Trust Committee meetings and Licensing Sub-Committee hearings can be held virtually without changes to legislation.
 3. That the changes to the Deputy Leader's Portfolio and the Strategic Director for The Environment's scheme of delegation detailed in the report, regarding the Prevent Channel panel function be approved.
 4. That subject to the approval of the recommendations above, the Council's Constitution be adopted for the 2021/22 Municipal Year.
-

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Taking pride in H&F	Ensuring a high standard of governance across the Council.

Financial Impact

The recommendations in this report have no direct financial implications.

Legal Implications

The Local Government Act 2000 requires the Council to have and maintain a Constitution. The Monitoring Officer is satisfied that the Council's Constitution continues to fulfil its stated purposes, as set out in Article 1 of the Constitution.

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Background Papers Used in Preparing This Report

The Council's Constitution: www.lbhf.gov.uk/constitution

DETAILED ANALYSIS

Proposals and Analysis of Options

1. Each local authority is required to publish the arrangements it has made to discharge its functions in a 'constitution' prepared in accordance with Section 37 of the Local Government Act 2000. The Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure business is conducted in an efficient, transparent, and accountable manner. Some of the content of the Constitution is required by law, the remainder is for the Council itself to determine.
2. The Constitution is reviewed at least annually to ensure it continues to promote timely, effective, transparent, and lawful decision making reflecting the arrangements Members have put in place for the running of the Council. The Constitution was last reviewed at the Full Council meeting on 25 February 2021.
3. In-year amendments were approved by Council in relation to Contract Standing Orders, the Departmental Register of Authorities, and Article 11 to reflect the Council's priorities and legislative changes.

4. The Monitoring Officer has a duty to keep the Constitution under review and has delegated authority to amend the Constitution where there has been a change in law, job title, structure, rearrangement of job responsibilities or for general administrative convenience. All extensive changes to the Constitution, however, must be approved by Full Council.

Reasons for Decision

5. The Council's Monitoring Officer is required to review the Council's Constitution each year to ensure that its aims and principles are given full effect in accordance with Article 15 of the Constitution.

Changes to Council Procedure Rules

6. The following changes to the Council Procedure Rules have been proposed:

- **Clarification of the debate procedure at Budget Council meetings.**

It is also proposed that the Budget Council convention that the Leader of the Council have an opportunity to sum up the debate, as with debates on Special Motions, be codified.

- **Clarification of the procedure at virtual Council meetings.**

It is proposed that amendments to report recommendations at virtual meetings must be submitted in advance of the meeting, as with amendments to Special Motions.

7. The proposed changes to the procedure rules can be found in Appendix 1.

Virtual meetings - Wormwood Scrubs Charitable Trust Committee and Licensing Sub-Committee hearings

8. At the beginning of the first national lockdown officers sought legal advice on the possibility of holding virtual meetings for certain committees under existing legislation. Summaries of the advice for Wormwood Scrubs Charitable Trust Committee and Licensing Hearings can be found below.
9. **Wormwood Scrubs Charitable Trust Committee:** The Council's appointment as trustee is under statute as a successor to the Metropolitan Board of Works. The Council has determined pursuant to its constitution that the duties of trustee are to be carried out by a formally constituted committee of the Council, being the Wormwood Scrubs Charitable Trust Committee. There is nothing in the appointing statute which restricts or specifies how a meeting of the Council is to take place when considering trust business. Further, the terms of reference for the Committee state at 4.1 that the role of trustee must be discharged in line with Charity Commission guidance. There is no Charity Commission guidance that would prohibit meetings to take place remotely – in fact the Charity Commission has issued [Coronavirus \(COVID-19\) guidance for](#)

[the charity sector](#), which contains a section on ‘holding meetings online or by telephone’.

10. **Licensing Sub-Committee Hearings:** Hearings under the Licensing Act 2003 are conducted under that legislation, not the Local Government Act 1972 (see s101(15) of the Act, as added by Sch 6 para 58, Licensing Act 2003). The Licensing Act 2003 does not circumscribe how hearings must be heard. Section 9(2) of the Act says that regulations make provisions for the proceedings of Licensing Sub-Committees including “public access” to the meetings but goes on to say that subject to such regulations, each licensing committee may regulate its own procedure and that of its sub-committees. Committees are entitled to set procedures, subject to the regulations. Given that the regulations say nothing express on the topic, the Committee can set the procedures for virtual hearings.
11. In the opinion of the Monitoring Officer and Head of Law it is lawful to hold virtual meetings of Wormwood Scrubs Charitable Trust Committee and virtual Licensing Hearings.

Additions to the Deputy Leader Cabinet Portfolio and the Scheme of Delegation to Officers – Prevent Channel Panel

12. Channel forms a key part of Prevent. The process adopts a multi-agency approach to identify and provide support to individuals who are at risk of being drawn into terrorism. All local authorities are required to have a Channel panel in their area. More information on Channel can be found here: [Channel Duty Guidance: Protecting people vulnerable to being drawn into terrorism](#).
13. To reflect this new function, the following changes are proposed to the constitution.

Add the underlined to 4.6 of the Deputy Leader’s Executive Portfolio:-

“The development and implementation of strategies to address the threat of extremism, including the Prevent Strategy and strategic member oversight of the Prevent Channel panel.”

Add the following paragraph to the Strategic Director for the Environment’s scheme of delegation:-

“Prevent Channel Panel – In compliance with the statutory requirements set out under sections 36 – 41 of the Counter Terrorism and Security Act 2015, H&F has a Channel panel in place for its area, and has regard to the Channel duty guidance 2020. The designated Channel chair/deputy chair functions are fulfilled by Assistant Director, Adult Safeguarding. The Channel panel function in H&F is discharged through a joint panel with RBKC.”

List of Appendices

Appendix 1 – Changes to the Council Procedure Rules

Changes to Council Procedure Rules

The proposed changes to Council Procedure rules can be found below.

1. ANNUAL MEETINGS

1.4 The matters to be considered at the annual meeting shall be:

- (k) Receiving annual reports from the Executive, the Opposition leadership and Whip, the Audit Committee, Pension Fund Committee, Standards Committee, the Chairs of the Council's Policy and Accountability Committees, and the Youth Mayor or Deputy Youth Mayor on work undertaken in the previous year.

14. SPECIAL MOTIONS

- (f) Amendments to Special Motions or report recommendations at virtual meetings of Full Council must be submitted prior to the meeting. They will only be accepted for debate and / or voting if received by 7pm on the day before the meeting.

15. RULES OF DEBATE AT COUNCIL

- (b) Speeches should be relevant to the subject under discussion and be addressed to the Mayor. No speech may exceed 5 minutes without the consent of the Mayor except:
 - (1) At the Budget meeting, the Leader shall be allowed unlimited time to set out their priorities or to propose the Budget.
 - (2) The Leader of the Opposition shall also be allowed unlimited time to reply to a Leader's speech at the Budget Meeting.
 - (3) In the event of the absence of the Leader or the Leader of the Opposition at the Budget meeting, the Mayor shall invite the Deputy Leader or another Cabinet Member (for the Leader) or another Member of the same political group (for the Leader of the Opposition) to exercise the rights of speech of the Leader or the Leader of the Opposition.
 - (4) Up to 3 other speakers from each side shall speak at the Budget meeting. No speech may exceed 5 minutes.
 - (5) The Leader of the Council will then be given an opportunity to sum up the debate.

28. REMOTE MEETINGS

28.1 Where legislation allows, meetings may be held using digital means (i.e. video or telephone conferencing). This means meetings can be held in person, virtually, or with some people attending in person and some people attending virtually.

London Borough of Hammersmith & Fulham

Report to: Full Council

Date: 28 April 2021

Subject: Annual Report of the Policy and Accountability Committees 2020/21

Report of: The Policy and Accountability Committee Chairs

Responsible Director: Kim Smith, Chief Executive

Summary

The Chairs of the Policy and Accountability Committees present the annual report of the activities of the scrutiny function in Hammersmith & Fulham.

The report attached at Appendix 1 outlines the activities of the Policy and Accountability Committees during the 2020/21 municipal year.

Recommendation

1. That the Annual Report of the Policy and Accountability Committees 2020/21, be received and noted.

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Taking pride in H&F	Ensuring a high standard of governance across the Council.

Contact Officers:

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Position: Head of Governance

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Background Papers Used in Preparing This Report

None.

List of Appendices

Appendix 1 – Annual Report of the Policy and Accountability Committees 2020/21

Annual Report of the Policy and Accountability Committees 2020/21

Policy and Accountability Committees (PACs) were an innovation introduced by the Council's new administration following the election in May 2014. They implemented the following commitment made by the administration in its manifesto:

“We will open up council decision-making and policy-making by setting up new Policy and Accountability Committees, cutting all but the statutory scrutiny committees. Each new Policy and Accountability Committee will have sufficient support to hold the administration to account and take a full part in developing policy. We will give residents and users’ groups co-opted roles on the relevant Policy and Accountability Committees”.

As agreed by Full Council in July 2014, PACs have the following key responsibilities:

- To hold the Cabinet to account
- To be a critical friend to the Executive and to challenge the assumptions behind the policies and actions of the Council and other local service providers
- To amplify the voice and concerns of residents and to give them a mechanism to comment on, participate in, and determine Council policy
- To improve the Council's services by listening to residents and user groups
- To scrutinise decisions made by partner organisations in the interest of the residents of the Borough
- To be independent of party politics and ensure an informed evidence-based approach to policy development

There are six Policy and Accountability Committees:

- Children and Education
- Community Safety and Environment
- The Economy, Housing and the Arts
- Finance, Commercial Revenue and Contracts
- Health, Inclusion and Social Care
- Public Services Reform

Now in their seventh year, the PACs have continued to deliver engaging work programmes and have given residents the opportunity to be heard on the issues that matter to them. The following pages give an overview of the work of the PACs in 2020/21.

Children and Education Policy and Accountability Committee

Membership

Councillors

Sharon Holder (Chair)
Lucy Richardson
Alexandra Sanderson
Asif Siddique
Mark Loveday

Co-optees

Eleanor Allen, London Diocesan Board for Schools
Nandini Ganesh, Parentsactive Representative
Nadia Taylor, Parent Governor Representative
Matt Jenkins, Teacher Representative

The Committee was supported by Councillor Larry Culhane (Cabinet Member for Children and Education), Jacqui McShannon (Director for Children's Services), and officers across Children's Services.

Chair's introduction

The fundamental nature of any local authority's Children's Services should always be to keep young people at the heart of service provision. This has again been shown consistently by H&F's Children's Services officers in this annual report. From continuing to manage demands in an extremely challenging budget period, to sustaining excellent school performance in the borough, all whilst managing to maintain Hammersmith & Fulham's values.

Young Hammersmith & Fulham in turn have responded during Covid-19 by working in collaboration with Children's and Education Services and supporting their fellow peers including those with special educational needs and disabilities.

Thank you as always to CEPAC members for your diligence and scrutiny of Children's Services and Education.

— *Councillor Sharon Holder, Chair of the Children and Education Policy and Accountability Committee*

The committee covers a wide range of services aimed at children and families in the borough including education, children's social services, safeguarding, child protection, children in care, and services for children and young people with special

educational needs. Below are the key issues that the committee looked at in the 2020/21 municipal year.

The 2021 Medium Term Financial Strategy – Children’s Services Budget

In January the committee held a joint meeting with the Health, Inclusion and Social Care Policy and Accountability Committee to consider the Council’s budget proposals for Children’s Services and Health and Adult Social Care.

Youth Voice Update

In April the committee received an update on the work of the Youth Council during the Covid-19 pandemic, including:

- Producing youth centred communication and videos to share key messages about Covid-19.
- Developing the Inclusive Youth Voice Network
- Organising the 2021 Youth Achievement Awards
- Promoting mental health support for young people
- Collaborating on inclusive employment projects
- Producing the Youth Council Manifesto for 2021/22

Members welcomed the Youth Council’s continued focus on inclusion of young people with special educational needs and disabilities – and discussed how they could be more involved in the Youth Council’s work.

School Performance Report 2021

The Council’s Director of Education updated the committee on the outcomes of the Summer 2020 assessments and examinations in the borough’s primary and secondary schools, and the position with regard to Ofsted school inspections.

Members discussed the challenges caused for schools and pupils by the Covid-19 pandemic and the Government’s decision to withdraw Key Stage 1 and 2 assessments.

Members also discussed:

- The work being done in schools to ensure equitability in the system of assessed grades.
- The work being done by schools and the Council’s Education Psychology team around socialisation and children’s mental health following the series of pandemic lockdowns.
- The mental health support available to teachers and school staff.
- The challenges of home education.
- Innovative projects for schools carried out with Imperial College.

Looked After Children and Care Leavers Annual Report 2019/20

In April the committee was introduced to Amana Gordon, the Council’s new Operational Director for Children and Young Peoples Services. She presented the

Looked After Children and Care Leavers Annual Report for 2019-20 following delays due to the Covid-19 pandemic. The report highlighted the significant responsibilities the local authority has in relation to its Looked After Children and Care Leavers and how those responsibilities were discharged.

Members discussed the issues raised by young people at the Corporate Parenting Board meetings, including the language used to describe them and the need to support them to thrive as adults.

The Council's Draft Equalities Plan 2021-25

The Committee also received an item on the Council's draft Equalities Plan 2021-2025 and the vision to become the most inclusive borough in the country, where residents feel valued, welcome and included, embracing the diversity of backgrounds, experiences and perspectives.

Members welcomed the consultation and discussed ways to bring it to a wider audience – including sending it all schools in the borough and the H&F Youth Council.

Community Safety and Environment Policy and Accountability Committee

Membership

Councillor Bora Kwon (Chair)
Councillor Iain Cassidy
Councillor Fiona Smith
Councillor Ann Rosenberg
Councillor Victoria Brocklebank-Fowler

The Committee was supported throughout the year by Councillors Wesley Harcourt (Cabinet Member for the Environment) and Sue Fennimore (Deputy Leader).

Chair's introduction

The global coronavirus pandemic has continued to challenge the daily lives of our residents. The national lockdown and 'Stay at Home' orders have meant that the use of our local services and amenities have become more important than ever before. The committee has been monitoring the use of our parks, roads and public spaces to ensure the best possible access for residents whilst balancing the need for caution in the light of the ongoing public health concerns.

The Committee welcomed the report from the resident-led Climate and Ecological Emergency Commission who have been meeting and working despite the pandemic and whose findings will help shape the work of the Council's Climate Emergency unit.

On community safety, the Committee reviewed the formation of the new Gangs Violence and Exploitation Unit which was set-up in conjunction with the Metropolitan Police with the aim to protect and prevent vulnerable young people in our borough. I would like to recognise and give thanks to our Council officers who have worked so hard continuing to deliver services to our residents despite the challenges of the past year.

- *Councillor Bora Kwon, Chair of the Community Safety Environment Policy and Accountability Committee*

This Committee covers a wide range of areas within the Council. Below is a selection of some of the important topics that the Committee considered during the last municipal year.

The Formation of the Gangs, Violence and Exploitation Unit

In November 2020 the Committee was given a briefing on the formation of the newly established Gangs, Violence & Exploitation Unit. The Unit had been set up in response to an increase in serious youth violence, largely attributed to organised gang activity, in the past 18 months.

The Committee heard about the Council's progress with resourcing the team, developing its operating model and the work officers intended to undertake within the wider Council and strategic partnerships to reduce the harm caused to young people who were at risk from gangs, violence and other forms of exploitation. It was noted that the dedicated unit would consist of 11 Council employed officers and 6 Metropolitan Police Officers. Its goals were to keep people safe, prevent young people from being victimised and exploited by organised criminals.

Climate and Ecological Emergency Commission Recommendations

In March 2021 Members of the Climate and Ecological Emergency Commission (CEEC) were invited to the Committee to present their findings and recommendations to support the development of the Council's climate and ecology strategy.

The Council declared a Climate and Ecological Emergency in July 2019, aiming for the whole Borough to reach net zero-carbon emissions by the end of 2030. The Council appointed thirteen local resident commissioners. The Commission conducted extensive research and engagement, with numerous stakeholders to produce its findings.

Paul Beaty-Pownall (Chair of CEEC) gave a presentation and members got an insight on the following four principles and the proposed actions for achieving a net zero borough by 2030.

- Defining a vision that encouraged change to a zero-carbon society
- Communication and engagement with the local community
- Building knowledge at a local level
- Creating a road map to net zero

Members thanked all Commission members for the detailed and very ambitious report, noting that it was aspirational, and the vision encompassed within the report was very important.

As well as hearing about the findings and recommendations made by the CEEC, the Committee learned that the Council had committed to setting up a community map that would provide everyone with the opportunity to share information about the new initiatives that were already taking place in the borough.

The Committee discussed the importance of the Council defining and implementing a positive vision and embedding a culture of change across the borough to achieve the Council's net zero target by 2030.

The Committee learnt that majority of the young people were passionate about this issue because of the ramifications it had on future generations. One of the main issues for young people was that they felt a disconnect around their involvement in the decision-making process. Therefore, one of the recommendations sought to increase engagement with young people, listen to their views and consult them before making key decisions that would affect them.

Members were informed that the task of the Council was to change the culture of the entire borough through an effective and sophisticated communications strategy to help deliver the recommendations in the report. The Council also needed to prepare a robust communications plan which explained the actions the Authority needed to take so that residents understood the climate change implications.

The Committee also considered:

- Update on Council's use of Investigatory Powers (RIPA and IPA)
- Prototype Containerisation and Food Waste Collection Service
- 2020 Medium Term Financial Strategy 2021/22

Finance, Commercial Revenue and Contracts Policy and Accountability Committee

Membership

Councillors

Helen Rowbottom (Chair)
Patricia Quigley
David Morton
Guy Vincent
Donald Johnson

Co-optees

Tony Boys
Erik Hohenstein
Chris Littmoden
Judith Worthy

The Committee was supported throughout the year by Councillor Max Schmid (Cabinet Member for Finance, Commercial Revenue and Contracts), Councillor Andrew Jones (Cabinet Member for the Economy), Emily Hill (Director of Finance), and officers across the Council.

Introduction

As a Committee we benefit from a range of expertise which includes dedicated officers and the invaluable support of our co-opted members, the combination of which ensures that we can discharge our scrutiny responsibilities in ways that are both insightful and progressive.

— *Councillor Helen Rowbottom, Chair of the Finance, Commercial Revenue and Contracts Policy and Accountability Committee*

2021-22 Medium Term Financial Strategy

The annual budget setting process is driven by a recognition that each year local authorities find that they are being asked to deliver local services on an ever-reducing income. Planning services in the context of financial uncertainty has required careful calibration and the long term financial framework of austerity has meant that in order to achieve this, local authorities have had to be increasingly innovative and creative in order to continue to provide sustainable services. The council tax increase is attributed to the adult social care precept and links to Covid related expenditure. Demand led services such as social care and children's services have grown exponentially, and this is likely to increase in response to the Covid-19 pandemic.

The economic impact of Covid-19 highlighted a devastating impact on business rates currently expected in the future which represented a funding risk to the council. A Covid specific six-month contingency budget was in place to address the level of associated risk which had also been increased to reflect this.

The Committee recognises that an increase in council tax reflects the government expectation to raise funds locally but the long term economic impact of Covid requires further evaluation and relates to a corresponding reduction in local services. The Committee examined the following areas:

- Developer funding and how this would be utilised for the benefit of residents
- What could residents expect in return for council tax payment;
- The financial impact on the council in sustaining staff and services;
- The financial impact of Covid-19 on commercial services and advertising revenue;
- The financial impact of Covid-19 related expenditure and how the council could mitigate this;
- How Brexit had been a factor considered in preparing the MTFS;
- Cost and trend analysis which afforded a clear financial picture of each of the departments and highlighted problem areas;
- Aspirational changes within social care service delivery and the introduction of artificial intelligence utilised in assisted technology;
- The inclusion of more specific details regarding zero based budgeting MTFS;
- Continued work on the civic campus regeneration in terms of identified risks and opportunities, to be a considered focus for the Committee and to specifically include staff and public engagement as part of shaping ongoing delivery and development;
- Less reliance on employing agency staff calibrated to achieve a significant planned reduction.

2022 Budget Context

The Committee focused on the need to maintain financial health and how innovative and creative approaches could be developed to help sustain efficient services and maintain savings, providing local and national context to the MTFS planning process and council's commitment to delivering more for less within a compassionate framework. The reduction in spend of approximately £58 million has meant that the council was "lean" and that this presents challenges. The Committee plans to undertake future scrutiny within the context of:

- Identifying the most significant financial issues that the council might be expected to address in future;
- Recognising that there will be impactful opportunities to capitalise on and to explore these and identify areas where strong interventions are possible; and

- Using an evidenced based approach to inform innovative financial policy development.

Draft Equalities Plan 2021-25

The Committee welcomed the draft Equalities Plan 2021-25 which set out the framework and borough direction for progressing equality of opportunity for the next four years and which was also considered by other policy and accountability committees. The Equalities Plan is intended to inform policy making across the council in the context of the impact of the pandemic in the past year. Informing and shaping financial policy will be undertaken through the lens of the equalities plan.

The 12-week consultation period closes on 30th April 2021 and the committee is submitting a response to the consultation and the draft equalities objectives set out in the report with due regard to the responsibility and need to eliminate discrimination for residents, services and the council as an organisation.

Health, Inclusion and Social Care Policy and Accountability Committee

Membership

Councillors

Councillor Lucy Richardson (Chair)
Councillor Jonathan Caleb-Landy
Councillor Amanda Lloyd-Harris
Councillor Bora Kwon (Vice-chair)
Councillor Mercy Umeh

Co-optees

Victoria Brignell - Action On Disability
Lucia Boddington (appointed March 2021)
Jim Grealy - Save Our Hospitals
Keith Mallinson
Roy Margolis

The Committee was supported throughout the year by Councillor Ben Coleman, Cabinet Member for Health and Social Care, and Councillor Patricia Quigley, and Councillor Sue Fennimore, Deputy Leader.

Introduction

The following highlights represent a selection of reports and issues that were considered by members during the municipal year November 2020 to March 2021. The issues continue to be monitored and closely align with equalities priorities. The Committee remains focused on the following areas:

- The council's response to Covid-19
- Health engagement
- Inclusive employment
- Digital patient care pathways post-Covid-19
- Impact of NHS Long Term Plan – North West London Integrated Care System

— *Councillor Lucy Richardson, Chair of the Health, Inclusion and Social Care Policy and Accountability Committee*

Covid-19 – Council Response

The Committee has received regular updates about the council's response to Covid-19 throughout the pandemic. Frontline service delivery to our most vulnerable residents has been maintained by working with service providers with some adjustments to support nursing and care homes provision in the borough. The Committee commended the work led by the Director of Covid-19 which included the

setting up of Community Aid Network (CAN) and Mutual Aid Groups (MAG) to co-ordinate the work of community volunteers in managing local foodbanks, address social isolation and loneliness and providing support in a range of services to support residents.

The Council response has been innovative and creative in every aspect, ranging from successful local test and trace work to setting up vaccination hubs, with the safety and protection of residents being the driving force at the heart of all that has been achieved. This work continued as two further national lockdown periods for England in commenced on 5 November 2020 and 6 January 2021 respectively. The positive news that a vaccine would be licensed for use in the UK was met with a sense of cautious optimism that we were finally beginning to emerge from this horrendous period. This presented a logistical challenge that was met head on by the NHS, clinicians and staff in primary care and we have seen the successful roll out of a vaccination programme on an unprecedented scale.

For many, however, there have been mixed concerns about what the vaccines would offer, how they would work and how they could be delivered in the most effective and efficient way. The narrative around vaccine confidence has been coupled with a recognition that health inequalities have been prominent in understanding the Covid-19 experience which has varied across minority ethnic communities. The council is working hard to address historically low childhood immunisation rates given that the culture of vaccination is also varied and means to different communities. We hope that this will be a conversation that will continue to further explore these issues and begin to address disproportionality in health outcomes.

Covid-19 – working with health partners

The Committee commended the work of health colleagues in dealing with the pandemic recognising both individual and collective efforts to sustain our residents through this difficult and challenging time. The continued delivery of primary care services to ensure that people were able to have face to face contact throughout the second lockdown to ensure that access to healthcare services such as immunisations continued. The Committee welcomed news that the CCG established escalated primary care clinics for those with Covid-19 symptoms with plans to deal with increased patient volume. Collective and joint working was recognised as key across the wider health system, but it was important to continue to deliver essential health services balanced with the balanced with the competing priorities of responding to Covid-19. The Committee accepted that were also combined issues of maintaining segregated space and limited resources to support collaboration across north west London. Elective care numbers were almost on par with the same period in 2019 and that since Covid-19 in March there was a significant backlog that the NHS was working hard to address.

2021-22 Medium Term Financial Strategy (with Children's and Education PAC)

The Committee jointly undertook detailed scrutiny of the Council's Medium Term Financial Strategy 2021-22 reviewing the overall financial context against the narrative of a ten year austerity programme advocated by central government and which implemented challenging reductions in revenue funding considerably limiting core spending. The council needs to make significant savings whilst concurrently

managing a growth in budget for demand led services in Social Care and Children's Services.

i) Children's Services – MTFS

The council's ambitious plan for Children's Services (CHS) would be underpinned by high aspirations for the borough's children offering protection from harm, abuse and exploitation, and be supported in their learning with equitable access to education. The current uncertainty, historic and current budget pressures meant that the service was having to meet increased complexity of need with higher numbers of adolescents at risk. About 1300 children were supported through social care with a range of needs including 100-50 with complex high needs and who also required a protection plan. The overall income budget was just under £95 million which included £48 million of the delegated maintained and special school grant budget.

The key focus was to protect frontline services with cost reductions predicated on achieving high quality, value for money services. Cost pressures included non-placement expenditure and transport costs specifically linked to social care:

- Significant legal expenditure which was vital to protect vulnerable children through legal proceedings;
- The provision of school meals during holidays and the support provided to about 4000 families, fully met through grant funding;
- Children's services working in partnership with housing services to secure borough accommodation placements for young care leavers;
- Recruitment of independent travel advisors confirming the council's commitment to ensuring quality support services for vulnerable children with complex care needs; and
- The audit advice to set aside reserves as part of contingency planning to fund deficits within the financial forecast linked to high needs block funding.

ii) Social Care - MTFS

The Committee considered the departments overall vision to support residents in remaining independent and to support people with disabilities through the independent living strategy. Significant achievements included no social care discharges however, the ongoing difficulties around how social care should be funded remained unresolved. The financial impact of Covid was considerable and had made it harder to achieve savings for a demand led service. This was expected to grow as the number of those discharged from hospital increased, combined with the accelerated cost of care and the council's commitment to pay the London living wage to contractors and sub-contractors. Social care achievements also included:

- Free home care;
- Subsidised meals on wheels charged at £2; and
- No increase in careline charges.

The department's response to Covid had been highly commended and recognised as an exemplar of good practice when the borough's care homes were closed to protect vulnerable residents. There had been innovative infection control led by Dr Nicola Lang, care home and home care staff were offered financial support to encourage wide ranging testing, and the council procured and freely distributed in

excess of 2 million pieces of personal protective equipment to care workers and frontline staff. An integrated systems management approach had helped to deliver a balanced budget, despite significant and deeply challenging circumstances.

Community Champions

The Committee had previously scrutinised the work of the Community Champions programme in 2016 when it was shared across three boroughs and the programme was now delivered and supported locally. The Committee recognised that one of the more positive outcomes of the pandemic was that generated in immense interest in community volunteering which locally led to the establishment of the CAN and MAGs. Established schemes such as community champions were uniquely placed in understanding their respective communities, able to listen to, empathise and help signpost local services. The Committee welcomed the opportunity to hear from a local community champion project lead who shared their experiences and reflections. Members endorsed the importance and need for strong, health advocacy. The fundamental role of community champions contributed significantly to social value and the way in which such advocates were able to amplify localised support and advice in a unique way.

Draft Equalities Plan 2021-25

The Committee welcomed the draft Equalities Plan 2021-25 which set out a framework of priorities which sought to redress recognised social, health and employment imbalances. The Plan commended insights offered in tackling inequality recognising the disproportionate impact on minority ethnic communities and how this could be proactively addressed through ongoing engagement. The committee is submitting a collective response to the consultation.

Public Services Reform Policy and Accountability Committee

Membership

Councillor Rowan Ree (Chair)
Councillor Christabel Cooper
Councillor Guy Vincent
Councillor Zarar Qayyum
Councillor Dominic Stanton

The Committee was supported by Councillor Adam Connell (Cabinet Member for Public Services Reform), Lisa Redfern (Strategic Director of Social Care), Rhian Davies (Director of Resources), Emily Hill (Director of Finance), and officers across the Council.

Chair's introduction

“There are decades where nothing happens; and there are weeks where decades happen”, as someone once said. Although it has only been a few months since the last annual report, with the council working around the clock to respond to a global pandemic, councillors and council officers have done a great deal of work in this time. I would like to thank the members of the committee and officers who have allowed us to continue scrutinising the council's work over this period, in particular David Abbott, Dawn Auger, Rhian Davies, Emily Hill, Mary Lamont, Matt Sales, and Kim Smith.

In January we held a joint meeting with Councillor Rowbottom and the members of the Finance, Commercial Revenue and Contracts PAC to review the annual budget. It was good to see that despite the additional work and budget pressures created by Covid-19, the council was able to put together a progressive budget that protected services for vulnerable residents while keeping council tax and charges low. Working with another committee allowed us to explore a wider range of views and set of perspectives. I hope that we can look to work with other committees in this way in the future.

In April we were able to consider a very important subject, and one particularly close to my heart, how the council is addressing equality, diversity and inclusion, both as an employer but also across the borough. This was a lively and informative meeting, and it was hugely informative for the committee to hear the passionate contributions from staff working in this area. The committee looks forward to hearing about the progress on this work in the coming months.

- *Councillor Rowan Ree, Chair of the Public Services Reform Policy and Accountability Committee*

The committee covers a wide range of areas including business intelligence, policy and performance, the Council's continuous improvement and cultural change agenda, organisational transformation, and human resources and development functions. Below are some of the key issues that the committee looked at in the 2020/21 municipal year.

The 2021 Medium Term Financial Strategy

In January the committee participated in a joint meeting with the Finance, Commercial Revenue and Contracts Policy and Accountability Committee to consider the Council's medium term financial strategy and departmental budget proposals. The committee heard from officers about the impact of the Covid-19 pandemic on the Council and the local economy, the ongoing challenges of rising social care demand, and the financial uncertainty coming from Central Government.

Members discussed:

- The financial impacts of the Covid-19 pandemic and Britain's exit from the European Union.
- The Civic Campus project and how it had been affected by the periods of lockdown due to the pandemic.
- The potential longer-term impacts of the pandemic and the proliferation of home working on the Council's use of buildings in the borough.
- The Council's efforts to significantly reduce spend on agency staff.

Equality, Diversity, and Inclusion Matters in H&F

In April the committee held a meeting focused on equality, diversity and inclusion matters both in the borough and in the Council itself. The first item updated the committee on corporate initiatives as part of ensuring that equality, diversity and inclusion were at the core of services to residents.

Members welcomed the public consultation on the Council's new Equalities Plan for 2021-25 and discussed ways to include the hardest to reach groups in the borough. The committee discussed the Council's vision to become the most inclusive borough in the country, where residents felt valued, welcomed and included – and its commitment to tackling unfairness, promoting diversity and fostering inclusion.

The committee heard from officers across the Council about how inclusion had been incorporated into their work and improved services – including the co-production of services for disabled people and carers, and Covid-19 work carried out with a wide range of different communities in the borough. The committee also heard from members of staff who were working on race equalities initiatives within the Council like black history and social inclusion events that were open to all employees.

Workforce Equality, Diversity and Inclusion

The committee also considered a report on the focused and fast paced programme of work to enliven the Council's own equality, diversity and inclusion goals in 2020 and beyond. The Council's ambition was to become a more equal, diverse, and

inclusive employer and equalities, diversity and inclusion had been prioritised in the Council's business plan.

The committee learned about the Council's key area of work in this area, including:

- Being an inclusive employer
- The H&F Way (staff-led culture change initiative)
- Embedding co-production across departments
- Tackling racial inequality
- Robust data, insights and monitoring of equality data
- Holding events, memorials and celebrations (Black History Month, LGBT+ History Month, International Women's Day)
- Employment policy development, training and oversight

Members discussed embedding these core values throughout the workforce, how to track and monitor progress, and consideration of what metrics could be used to track more difficult to identify areas of inequality like socio-economic background.

Workforce Efficiency: Reducing Agency Spend

The committee received an update on the Council's efforts to reduce the organisation's spend on agency staff. Use of agency staff had been a focus of the committee's for the past year and members were pleased to hear that there had been a 47 percent reduction of agency headcount and 58 percent reduction in weekly spend.

Members praised the progress made in reducing agency spend at such a turbulent time, and discussed the Council's agency staff policy, the need to balance ambitious goals with service continuity, and the reasons managers chose to use agency staff.

The Economy, Housing and the Arts Policy and Accountability Committee

Membership

Councillor Rory Vaughan (Chair)
Councillor Helen Rowbottom
Councillor Daryl Brown
Councillor Ann Rosenberg
Councillor Adronie Alford

The Committee was supported throughout the year by Councillors Lisa Homan, Cabinet Member for Housing, and Andrew Jones, Cabinet Member for the Economy and the Arts.

Chair's introduction

I would like to thank all of those – including residents, officers and Committee members – who have contributed to work of the Economy, Housing and the Arts PAC during the continuing COVID-19 pandemic. The 2020-21 municipal year has been a short one, but we have covered important topics including: the Council's policy on defending Council homes; the work with Beam to tackle homelessness; and (at the end of the last municipal year) an update on the Council's work to support businesses during the pandemic. We were also particularly grateful for the hard work and dedication of the Commissioners on the Arts Commission – and those who supported them – for producing such a comprehensive report, particularly given the circumstances of pandemic. It should serve as an important roadmap for further developing the cultural life of the Borough. We look forward to further developments based on the Commission's recommendations in 2021-22 and beyond.

- *Councillor Rory Vaughan, Chair of the Economy, Housing and the Arts Policy Accountability Committee*

On the following pages is a selection of the priority areas that the Committee considered during the 2020/21 municipal year.

Support for Local Businesses during the Covid-19 Pandemic

The Committee considered a report, which provided details of the measures taken by the council's business support team to mitigate the impact of Covid-19 on the borough's small business community during the ongoing pandemic.

Several Business Network representatives and a representative from the Federation of Small Businesses attended the meeting to reflect on their experiences of the action the Council had taken so far. Themes which emerged included: the success of Council's Shop Local and the Shop Safe campaign to open up Hammersmith again. The Committee learnt about the Your Space / Our Space initiative and how the Council had facilitated the fast tracking the permissions businesses required to

operate legally. Other welcome actions included the assistance the Authority had provided to retailers including social distancing / hand washing guidance and signage to enable businesses to operate safely.

Councillor Guy Vincent (Local Business Champion) explained how the Business Networks operated and provided details of the Parcels Not Pollution initiative which had been launched by Hammersmith BID to encourage green Christmas shopping (by reducing the number of local car journeys).

Further points of discussion included: home working and office space in the borough, given the significant downturn in its use and the ramifications this was having on the local economy. As well as, the Council's enforcement responsibilities, mask wearing, 15-minute neighbourhoods and the recovery of the hospitality sector.

Concluding the item, the Chair thanked all the participants for their hard work and contributions to the local economy and confirmed that the committee would revisit some of the themes explored during the meeting at a future committee meeting.

Defend Council Homes Policy Consultation

The Committee considered a report which provided the context of the Defend Council Homes Policy and summarised the work which had been conducted in the past year. The Committee were encouraged to learn that resident involvement and engagement had developed significantly since 2014, and despite the consultation for Defend Council Homes falling within the pandemic, over a thousand residents had responded to the online consultation.

Shirley Cupit, Defend Council Homes Unit Chair, provided a comprehensive presentation setting out what the Defend Council Homes Policy was, as well as details on the recent consultation with council housing residents.

During the course of discussions, a number of issues were raised including: the operational effectiveness of the DCH policy in light of the Developers Charter legislation on the horizon, the likely cost to amend the land register, as well as, the implications for leaseholders wishing to sell their homes. Although the cost implications were currently under review and some matters were uncertain, assurances were provided that leaseholders and the right to buy would not be affected in any way. Officers confirmed that discussions were on going with the Land Registry, but the cost implications of the DCH Policy would be set out in the Cabinet report.

Summing up the discussions, the Chair thanked everyone in attendance for their contributions in devising such a thorough Defend Council Homes policy. He reiterated it was important that residents were fully engaged with any future proposals to redevelop their properties.

The Resident-Led Arts Commission

The Committee were provided an overview of the report, which set out the eight recommendations made by the Arts Commission in its final report, for consideration

by the Council for adoption. Councillor Andrew Jones, Cabinet Member for the Economy, expressed his thanks to Jonathan Church, the Commissioners and all the participants in the Arts Commission review which had taken over two years.

Several Commissioners, including the Chair, Jonathan Church attended the meeting. He drew the Committee's attention to recommendations 1 and 7 which were particularly significant. Recommendation 1, which focused on the new knowledge base and making the new strategy and recommendation 7 which centred on building capacity and developing the economic growth of the Arts sector, alongside the Cultural Strategy.

During the course of the meeting, a number of themes were explored including: the importance of the Authority acting as an enabler; the future of funding streams; and the alignment of the arts to the Council's Industrial Strategy. The Committee also examined the changing face of high streets / retail space and the opportunities to use this innovatively in conjunction with outside space. Further topics included performance space and the need for venues across the borough, as well the importance of assisting creative groups such as potters, painters and jewellers.

Closing the item, the Chair confirmed the Committee welcomed the Arts Commission's report and the considerable effort which had gone into producing such a comprehensive body of work. After the Authority had reviewed the recommendations, he hoped the Council would be in a position to take many of these forward with the assistance of H&F Arts Fest and other Arts organisations in the Borough. The Chair commented there was clearly scope for further investment to bring organisations together and the committee wished to monitor the progress of the report in the future.

Tackling Homelessness with Beam

Chloe Moore from Beam provided a presentation, which set out how Beam uses community-powered crowdfunding and technology, to empower and support residents impacted by homelessness into employment and their own rented homes.

The Committee welcomed Beam's work in creating sustainable employment and the impact this had on reducing homelessness across the borough. Councillor Sue Fennimore, Deputy Leader, applauded the crowdfunding model which Beam had devised. She commented that she envisaged links with Beam becoming stronger over time (especially as furlough schemes ended and greater need arose) which meant more and more residents would benefit.

The Chair welcomed the innovation and partnership working with the Council and asked for an update to be provided in the future.

The 2021 Medium Term Financial Strategy and Draft Equalities Plan

The Committee held a joint budget meeting with Community Safety and Environment Policy Accountability Committee in January 2021 to discuss the Medium-Term Financial Strategy. The Committee also commented on the Council's Draft Equalities Plan, setting the inclusion agenda for 2021-2025.