London Borough of Hammersmith & Fulham

Cabinet

Agenda

MONDAY
7 FEBRUARY 2022
7.00 pm

MAIN HALL
FIRST FLOOR
3 SHORTLANDS
LONDON W6 8DA

Watch the meeting live on YouTube: https://youtu.be/2xlS1qo-qpl

Membership

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

Date Issued
28 February 2022

If you require further information relating to this agenda please contact: Katia Neale, Committee Coordinator, tel: 07776 672 956 or email: katia.neale@lbhf.gov.uk

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

Shortlands

3 Shortlands,
Hammersmith,
London W6 8DA

Closest Underground Station
Hammersmith

Closest Bus Stop
Latymer Court (Stop G)

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and say which item you would like to attend for. Priority will be given to those who are participating in the meeting. Observers will be allocated seats on a first come first serve basis.

Members of the public who are attending a meeting for a specific purpose, rather than general observation, are encouraged to leave the meeting at the end of the item for which they are present.

Before attending the meeting

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Security staff will be waiting in reception to direct members of the public to the meeting room.

DEPUTATIONS

Members of the public may submit a request for a deputation to the Cabinet on item numbers **4-10** on this agenda using the Council's Deputation Request Form. The completed Form, to be sent to Kayode Adewumi at the above address, must be signed by at least ten registered electors of the Borough and will be subject to the Council's procedures on the receipt of deputations. **Deadline for receipt of deputation requests: Wednesday 2 February 2022.**

COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published by **Tuesday 8 February 2022.** Items on the agenda may be called in to the relevant Accountability Committee.

The deadline for receipt of call-in requests is: **Friday 11 February 2022 at 3.00pm.** Decisions not called in by this date will then be deemed approved and may be implemented. A confirmed decision list will be published after 3:00pm on **Friday 11 February 2022.**

London Borough of Hammersmith & Fulham

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7 February 2022

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

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

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

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

7.	**TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23**	145 - 187
8.	**TREASURY MANAGEMENT STRATEGY: MID-YEAR REVIEW 2021/22**	188 - 194
9.	**FINANCIAL PLAN FOR COUNCIL HOMES: THE HOUSING REVENUE ACCOUNT (HRA) 2022/23 HRA BUDGET, 2022/23 RENT SETTING AND HRA 40-YEAR FINANCIAL BUSINESS PLAN**	195 - 218
10.	**SHORT BREAKS STATEMENT AND PATHWAYS TO ASSESSMENT GUIDANCE**	219 - 255
11.	**FORWARD PLAN OF KEY DECISIONS**	256 - 290
12.	**DISCUSSION OF EXEMPT ELEMENTS (IF REQUIRED)**	

LOCAL GOVERNMENT ACT 1972 - ACCESS TO INFORMATION

Proposed resolution:

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

London Borough of Hammersmith & Fulham

Cabinet

Minutes

Monday 10 January 2022

NOTE: This meeting was held remotely. A recording of the meeting can be watched at on YouTube at: https://www.youtube.com/watch?v=wsdrDTf3iRg

PRESENT

Councillor Stephen Cowan, Leader of the Council
Councillor Ben Coleman, Cabinet Member for Health and Adult Social Care
Councillor Wesley Harcourt, Cabinet Member for the Environment
Councillor Max Schmid, Cabinet Member for Finance and Commercial Services

IN ATTENDANCE VIRTUALLY

Councillor Sue Fennimore, Deputy Leader
Councillor Adam Connell, Cabinet Member for Public Services Reform
Councillor Larry Culhane, Cabinet Member for Children and Education
Councillor Lisa Homan, Cabinet Member for Housing
Councillor Sharon Holder, Cabinet Member for Strategy

1. MINUTES OF THE CABINET MEETING HELD ON 6 DECEMBER 2021

RESOLVED:

That the minutes of the meeting of the Cabinet held on 6 December 2021 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Andrew Jones.

3. DECLARATION OF INTERESTS

There were no declarations of interest.

4. DELIVERY OF WOOD LANE CYCLEWAY AND DEVELOPMENT OF A SHEPHERDS BUSH GREEN PUBLIC REALM SCHEME

Councillor Wesley Harcourt stated that the recommendations on this report were part of the Council's continuous support for cycling in the Borough. They demonstrated the Council's commitment to Climate Change by promoting smarter travel options and making cycling safer. They would make a positive contribution towards tackling the Climate and Ecological Emergency due to an expected reduction in traffic volumes, resulting in long term improvements to air quality. This was vital in order to achieve net zero carbon from transport by 2030.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS PRESENT:

1. That Cabinet approves proceeding with Option 1 to complete the design of the H&F scheme consulted upon by Transport for London (TfL) and LBHF in June 2019 between Du Cane Road and east of the Holland Park roundabout, subject to securing funding from TfL.

2. That Cabinet approves completing the design and build of Phase 1, the section between Du Cane Road up to Shepherds Bush Green as consulted on in 2019, subject to securing the required funding from TfL.

3. That Cabinet approves the development of an enhanced concept for the remaining Phase 2 section between Shepherds Bush Green and the Holland Park Roundabout to tie in with the Phase 1 section, and approve a related budget of up to £300,000, funded from eligible Section 106 contributions.

4. That Cabinet delegates authority to the Strategic Director for Environment to take all necessary steps to effect the decisions in recommendation 1, 2 and 3.

5. That Cabinet notes officers will continue to engage with the Disabled Residents Team (DRT) on accessible and inclusive design principles for the scheme.

6. That Cabinet notes the significant contributions made by the Cycling and Walking Residents Commission on the King Street and Hammersmith Road Safer Cycle Pathway in setting overall design principles for cycle schemes. Officers will need to incorporate findings into the design of the Wood Lane Cycle Scheme and, the concept for the Shepherds Bush Green area.

Reason for decision:
As set out in the report.

Alternative options considered and rejected:
As outlined in the report.

Record of any conflict of interest:
None.

Note of dispensation in respect of any declared conflict of interest:
None.

5. COUNCIL TAX SUPPORT SCHEME 2022/23

Councillor Max Schmid stated that this Council was investing £9m to support the Borough's lowest income families pay their Council Tax. He added that the Coalition Government had changed the policy 10 years ago to default the decision to councils to support low-income families pay their Council Tax without maintaining their financial support. This meant that many councils started changing a "'minimum payment" from residents on benefits, causing them serious financial stress. However, this Council offered full Council Tax support for those in need and was the only council in the country not to use bailiffs to collect debts.

The Leader stressed that this Council seriously looked at the cost-of-living crisis with great concern. Therefore, supporting struggling low-income families was the right thing to do.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS PRESENT:

It is recommended that Cabinet agree the following recommendations to be approved by Full Council:

1. That the Council Tax Support Scheme in operation in 2021/2022 (included at Appendix 1) shall continue in 2022/2023.

2. That the Council shall apply the annual uprating of allowances, applicable amounts and income, set out in the DWP Housing Benefit circular, to the Council Tax Support scheme for 2022/2023.

Reason for decision:
As set out in the report.

Alternative options considered and rejected:
As outlined in the report.

Record of any conflict of interest:
None.

Note of dispensation in respect of any declared conflict of interest:
None.

6. COUNCIL TAX BASE AND COLLECTION RATE 2022/23 AND DELEGATION OF THE BUSINESS RATE ESTIMATE

Councillor Max Schmid stated that this was a largely technical report, but it also showed that the number of properties in the Borough had increased by 1,333 and would result in an increased income. This was due to the Councils programme to introduce further affordable housing into the Borough to try to ease the housing crisis. He added that care leavers and foster parents would continue to be exempt from paying Council Tax.

The Leader thanked Emily Hill and her team as well as all the senior leadership team for running a business-like operation and keeping the budget under control. This meant that they were able to offer support to care leavers and foster parents.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS PRESENT:

That Cabinet agrees to refer this report to Full Council and recommend approval by Full Council for the financial year 2022/23 of:

1. The estimated numbers of properties for each Valuation Band as set out in this report.

2. An estimated collection rate of 97.0%.

3. The Council Tax Base of 82,263 Band “D” equivalent properties.

4. The delegation of authority to the Director of Finance to determine the business rates tax base for 2022/23.

Reason for decision:
As set out in the report.

Alternative options considered and rejected:
As outlined in the report.

Record of any conflict of interest:
None.

Note of dispensation in respect of any declared conflict of interest:
None.

7. CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2021/22 (SECOND QUARTER)

Councillor Max Schmid stated that this report reflected a reduced capital programme over the year from what had been budgeted. This was the result of difficult circumstances due to the pandemic and supply chain issues caused by Brexit, which created difficulties in construction. Nevertheless, the social housing programme, EdCity and the Civic Campus were still progressing.

The Leader reiterated that these were difficult times in the building industry as the combination of Covid and Brexit had caused inflation in building prices and shortage of labour. He thanked all officers involved in delivering the current programmes on time.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS PRESENT:

1. To note the net forecast decrease in 2021/22 capital expenditure of £29.7m (18.9% of the approved budget). The variations are detailed in Appendix 2.

2. To approve the updated four-year capital programme 2021-2025 of £473.4m as detailed in Appendix 1.

3. To note the potential risks regarding the Housing Capital Programme, as summarised in paragraphs 22-24.

Reason for decision:
As set out in the report.

Alternative options considered and rejected:
As outlined in the report.

Record of any conflict of interest:
None.

Note of dispensation in respect of any declared conflict of interest:
None.

8. 2021/22 CORPORATE REVENUE MONITOR - MONTH 6 (SEPTEMBER 2021)

Councillor Max Schmid echoed the Leader’s comments of praise on the strong financial leadership of Emily Hill, the Director of Finance, and the entire leadership team by keeping the Council under budget in very difficult times. This report showed an underspend for the year when many other councils were showing overspends.

The Leader stated that he was very proud of the fact that the Council had removed record amounts of wasteful spending to be able to offer the best value for money. He was grateful also to Kim Smith, the Chief Executive, for this achievement.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS PRESENT:

1. To note the General Fund forecast underspend of £2.768m.

2. To note that the forecast draw down from the Housing Revenue Account general balance will be £0.983m less than budgeted.
3. To note the in-year High Needs Block Dedicated Schools Grant overspend of £2.173m.
4. To approve the virements of £1.565m as detailed in Appendix 9.

Reason for decision:
As set out in the report.

Alternative options considered and rejected:
As outlined in the report.

Record of any conflict of interest:
None.

Note of dispensation in respect of any declared conflict of interest:
None.

9. FORWARD PLAN OF KEY DECISIONS

The Key Decision List was noted.

10. DISCUSSION OF EXEMPT ELEMENTS

There was no discussion of exempt elements.

11. EXEMPT MINUTES OF THE CABINET MEETING HELD ON 6 DECEMBER 2021 (E)

RESOLVED:

That the exempt minutes of the meeting of the Cabinet held on 6 December 2021 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

Meeting started: 7.00 pm
Meeting ended: 7.15 pm

Chair ....

Minutes are subject to confirmation at the next meeting as a correct record of the proceedings and any amendments arising will be recorded in the minutes of that subsequent meeting.

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 07/02/2022

Subject: Revenue Budget And Council Tax Levels 2022/23

Report of: Leader of the Council, Councillor Stephen Cowan

Responsible Director: Director of Finance, Emily Hill

SUMMARY

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

The 2022/23 revenue budget proposals are set out regarding:
- A Council Tax freeze
- £7.434m of new investment in services
- Savings proposals
- Fees and charges
- Budget risks, reserves and balances
- Equalities Impact Assessments

RECOMMENDATIONS

That Cabinet recommend that Budget Council, for the reasons set out in this report and appendices, agree:

1. To freeze the Hammersmith & Fulham element of the council tax charge for 2022/23 and not apply the 2% increase modelled by the government for the coming year.

2. To not apply the government modelled “adult social care precept” levy of 1% for 2022/23, and to instead use council savings and income to fund growth in adult social care spending.

3. To set the Council’s own total net expenditure budget for 2022/23 at £125.657m.

4. To approve £7.434m of new investment on key services for residents.

5. To approve fees and charges, as set out in paragraph 10, including freezing charges in adult social care, children’s services and general fund housing.

6. To note the budget projections to 2025/26 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 37).

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 2022/23 in accordance with the recommendations within this report, 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 2022/23 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, based on the Mayor of London’s draft consolidated budget, 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	263.73	307.68	351.63	395.59	483.50	571.41	659.32	791.18

13. That the overall Council Tax to be set at £1,227.55 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	263.73	307.68	351.63	395.59	483.50	571.41	659.32	791.18
c) Total	**818.37**	**954.76**	**1,091.15**	**1,227.55**	**1,500.34**	**1,773.13**	**2,045.92**	**2,455.10**

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.

15. That the Council opts-in to the sector led 'appointing person' regime operated by Public Sector Audit Appointments (PSAA) for the appointment of the external auditor (including Pension Fund) for the years 2023-28.

Wards Affected: All

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

Financial Impact

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

Legal Implications

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

In addition to the statutory provisions the Council must also comply with general public law requirements and, in particular, it must take into account all relevant matters, ignore irrelevant matters and act reasonably and for the public good when setting the Council Tax and budget. The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term and that the interests of council taxpayers and ratepayers on the one hand and the users of Council services on the other are both taken into account. The recommendations contained in the report have been prepared in line with these requirements.

Section 30 of the Local Government Finance Act 1992 provides that no amount of council tax may be set before the earlier of the following— (a) 1st March in the financial year preceding that for which the amount is set; (b) the date of the issue to the authority of the last precept capable of being issued to it (otherwise than by way of substitute) by a major precepting authority for the financial year for which the amount is set. The GLA precept is due to be agreed at its meeting of 24 February 2022 in advance of the Hammersmith & Fulham council tax setting meeting.

Section 25 of the Local Government Act 2003 requires the Director of Finance to report on the robustness of the estimates made for the purposes of budget calculations and the adequacy of the proposed financial reserves. The Council must take these matters into account when making decisions about the budget calculations.

A public authority must, in the exercise of its functions, comply with the requirements of the Equality Act 2010 and in particular section 149, the Public Sector Equality Duty (“PSED”). Members need to consider this duty in relation to the present proposals. In addition, where specific budget proposals have a potential equalities impact these are considered and assessed by the relevant service as part of the final decision-making and implementation processes and changes made where appropriate.

The protected characteristics to which the PSED applies are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race/ ethnic/ national origin, sexual orientation, religion or belief and sex.

The PSED provides (so far as relevant) as follows:

> *(1) a public authority must, in the exercise of its functions, have due regard to the need to:*
>
> > *(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
> >
> > *(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
> >
> > *(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
>
> *(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:*
>
> > *(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;*
> >
> > *(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;*
> >
> > *(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.*

> *(4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.*
>
> *(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to —*
>
> > *(a) tackle prejudice, and*
> >
> > *(b) promote understanding.*
>
> *(6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.*

Case law has established the following principles relevant to compliance with the PSED which the Council will need to consider:
(i) The PSED is an integral and important part of the mechanisms for ensuring the fulfilment of the aims of anti-discrimination legislation.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 106 of the Local Government Finance Act 1992, applies to Members where:

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

In these circumstances, any such Members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter. Such Members are not debarred from speaking. Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

Public Sector Audit Appointment

Section 7 of the Local Audit and Accountability Act 2014 requires the Council to appoint a local auditor to audit its accounts by 31 December in the preceding year for a maximum period of five years.

The procedure for appointment of a local auditor is set out in Section 8 of the Act and requires the Council to consult and take account of the advice of its auditor panel on the selection and appointment of the auditor.

Section 17 of the Act gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 and gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person. This report proposes that the Council opts-in to the sector-led 'appointing person' regime.

As the Council operates executive arrangements, under section 8 of the Act, the correct decision maker is Full Council.

Contact Officers:

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Background Papers Used in Preparing This Report – none

BUDGET OVERVIEW

1. The Council's budget proposals support the local recovery from the Covid-19 pandemic and delivery of resident priorities. The ongoing pandemic and health emergency has led to an increase in demand for services whilst the upturn in inflation and resetting of the public finances, at a national level, has placed a further strain on local government.

2. **A freeze in the Hammersmith and Fulham element of council tax is recommended.** This includes not levying the government modelled 1% 'adult social care precept' or increasing council tax by 2% as modelled by central government. This will provide a balanced budget whilst resulting in a reduced burden, in real terms, on local taxpayers. The council tax freeze has been delivered despite the upturn in inflation causing significant pressure on Council costs with the government forecasting[1] that the Consumer Price Index will be 4.4% in the second quarter of 2022.

3. **General government grant funding** has increased by an estimated £6.2m from 2021/22 to 2022/23. This is well below the increase in the Council's costs due to inflation, the costs associated with the government's increase in employer national insurance contributions, demographic pressures and the Covid-19 health and economic crisis. £1.8m of the grant increase is not new money but compensation for the government decision not to increase business rates. Historically, overall government funding has reduced by £58m from 2010/11 to 2022/23 – a real terms funding cut of 55%.

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[1] Autumn budget statement issued 21 October 2021

4. **Investment of £7.4m** is provided to meet the costs of statutory obligations, demographic, service and demand pressures and key resident priorities. This includes over £5m in investment in social care and public health. Budget provision is also made regarding the ongoing consequences of Covid-19.

5. **Savings of £4.9m** are put forward to balance the 2022/23 budget.

6. The budget proposals include measures to strengthen the Council's future financial resilience by **contributing one-off resources of £2.1m to reserves and general balances.** An additional one-off contingency of £1.5m is also set aside to meet potential Covid funding pressures with £0.5m added to the unallocated contingency. The Council faces significant future financial risk with particular uncertainty regarding the ongoing impact of the Covid-19 pandemic, future government funding allocations, the on-going adverse economic impact of Brexit, inflation and increasing demand for services.

THE COUNCIL TAX REQUIREMENT

7. The Council's current gross General Fund budget rolled forward to 2022/23 is £533.5m, of which £160.4m (the budget requirement) is funded from Council resources (such as council tax and business rates) and general government grant.

Table 1 : 2022/23 budget requirement

Budgeted expenditure 2021/22	**£m**
Housing benefit payments	98.0
Departmental budgets	435.5
Gross budgeted expenditure	**533.5**
Less:	
Specific government grant (including housing benefits and dedicated schools grant)	(242.0)
Fees and charges	(67.0)
Contributions (e.g. health)	(47.0)
Other income (e.g. investment interest, rentals, recharges)	(17.1)
Base budget requirement rolled forward to 2022/23	**160.4**

8. The Band D council tax charge is calculated by dividing the council tax requirement by the council tax base[2]. The determination of the 2022/23 council tax requirement is set out in Table 2. The medium-term forecast, to 2025/26 is set out in Appendix B.

Table 2: The council tax requirement

	£000s
Base gross budget rolled forward from 2021/22	**160,416**
Plus/minus:	

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

Inflation	10,000
Investment and impact of Covid-19	7,434
Increase in the net cost of borrowing	400
Savings and change proposals (includes collection fund surplus)	-4,851
Covid-19 impact on concessionary fares	-2,300
Increase in unallocated contingency	500
Covid-19 contingency	1,500
Recognition of current income projection	-3,400
Contribution to reserves and balances	2,106
Gross budget requirement	**171,805**
General grants	-44,448
Use of developer contributions	-1,700
Net budget requirement for 2022/23	**125,657**
Less:	
Locally retained business rates	-57,217
2022/23 council tax requirement (including the adult social care precept)	**68,440**

INFLATION AND INVESTMENT

Inflation

9. Supply constraints, driven by Covid-19 and Brexit, have led to higher prices and pressure on wages. The Consumer Price Index has reached 5.1%, in the 12 months to November 2021, and the government forecast that it will still be 4.4% in the second quarter of 2022. The pressure on wages is compounded by the government's introduction of the health and social care levy which will increase employer national insurance contributions by 1.25%. This will impact on both Hammersmith & Fulham staff costs and suppliers. A provision of £10m is included in the 2022/23 budget for inflation. This allows for:
    - contract inflation of £3.15m.
    - catch up inflation for the 2021/22 pay award of £1.75m (a pay freeze was assumed in 2021/22 but the latest national pay offer is for a 1.75% increase).
    - £1.25m for the 1.25% increase in employer national insurance contributions (health and social care levy).
    - £2.35m provision for a 2022/23 pay increase (this equates to a 2.3% pay award).
    - A retained contingency of £1.5m as mitigation against additional inflationary risk.
10. For non-statutory fees and charges, levied by Hammersmith and Fulham, it is recommended that:
    - they are frozen for Adult Social Care, Children's Services and Housing in line with administration policy.
    - commercial services that are charged on a for-profit basis, will be reviewed on an ongoing basis in response to market conditions and varied up and down as appropriate, with appropriate authorisations according to the Council Constitution.
    - parking charges and fines are set in line with transport policy objectives and not considered as part of the budget process.
    - a standard uplift of 3.8% is applied, based on the July 2021 Retail Price Index, for other non-commercial and non-parking fees.

    The current proposed exceptions to the standard 3.8% increase and policies above are set out in Appendix F.

Investment

11. Investment in services is provided through the budget process as necessary. Investment is required to fund increases in cost as a result of demographic growth and other increases in demand and to fund resident priorities. Almost 75% of this investment is in social care for adults and children. In addition, for 2022/23 the budget makes time limited provision for increased costs or lost income expected as a result of the Covid-19 pandemic and economic disruption. The investment proposals are detailed in Appendix C and summarised in Tables 3 and 4.

12. As part of the budget review and challenge process, departments have brought forward detailed proposals that have enabled spend pressures to be addressed directly. Such budget mitigations have partially offset the need for new investment.

Table 3: 2022/23 investment proposals

Department	£m
Children's Services	0.534
Social Care and Public Health	5.031
Economy	0.650
Environment	0.878
Corporate (Finance, Resources and Council wide)	0.341
Total investment	**7.434**

Table 4: Categorisation of investment proposals

Growth categories	£m
Increase in demand/ demographic growth	2.311
Resident priority	0.690
Budget pressure	0.655
New burden / government pressure	1.137
Impact of Covid-19 / economic downturn	2.641
Total	**7.434**

SAVINGS AND INCOME GENERATION

13. The proposed savings are detailed in Appendix C and summarised in Tables 5 and 6. In addition a further short-term saving of £2.3m (for 2022/23 and possibly, to a lesser extent, 2023/24) will arise regarding the cost of the concessionary fares scheme (freedom pass). This is due to lower usage during lockdown and impact on passenger usage of public transport in response to the Covid-19 pandemic. As a short-term saving £2.1m of this sum will be added to reserves and general balances in line with the Council’s reserves strategy. The balance will part fund the one-off Covid contingency.

Table 5: 2022/23 savings proposals

Department	**£m**
Children's Services	(0.533)
Social Care and reinvestment of Public Health	(1.670)
Economy	(0.235)
Environment	(1.184)
Corporate (Finance, Resources and Council wide)	(1.229)
Total savings	**(4.851)**

Table 6: Categorisation of savings

Savings categories	**£m**
Commercialisation / income	(0.650)
Outside investment	(0.035)
Procurement / commissioning	(1.828)
Service reconfiguration	(0.892)
Staffing / productivity	(1.446)
Total savings	**(4.851)**

GOVERNMENT GRANT, DEVELOPER AND BUSINESS RATES FUNDING

16 The government funding receivable is detailed in Appendix E. The estimated cash increase in 2022/23 general grant is £6.2m of which £1.8m is compensation for the government decision not to increase business rates. The grant increase is also intended to compensate authorities for the extra costs associated with the increase in employer national insurance contributions required by government. There is a new 'market sustainability and fair cost of care' grant of £0.620m which the Council is fully investing in adult social care.

17 The 2022/23 local government finance settlement is a single year settlement with no grant allocations confirmed beyond next year. The lack of future certainty continues to undermine effective medium-term financial planning. The risk of future funding reform and levelling up remains with the government making clear that the new 2022/23 'services grant' of £4.234m will be potentially subject to significant redistribution in 2023/24. For modelling purposes the future grant forecast, included within Appendix B, assumes that the services grant reduces by 50%. The future of the new homes bonus grant scheme is also uncertain and is modelled to reduce by 50% following a significant reduction of £2.5m (48%) in 2022/23 compared to 2021/22 .

18 As set out in Appendix I the government calculate that Hammersmith & Fulham spending power has increased by 6.3% in 2022/23. This is below the London average increase (6.7%) and national average increase (6.9%). The government spending power calculation also assumes that authorities will increase council tax (including the adult social care precept) by 3%, which the Council is proposing to freeze, and that business rates collection is not adversely impacted by rating appeals or lower collection rates experienced during the Covid-19 pandemic. Taking these into account the Hammersmith & Fulham calculation is that spending power has increased by 2.1%.

19 Ringfenced grants, which can only be used for a specific purpose, are currently forecast to have increased by £0.343 from 2021/22 to 2022/23. This forecast will be updated as further announcements are confirmed. It is assumed that such grants will have a neutral impact on the budget requirement as they will be matched against spend commitments, particularly given the current inflation risks.

20 The business rates forecast is summarised in Appendix H. As part of the Autumn 2021 Budget the Chancellor of the Exchequer announced that a new temporary 50% business rates relief will apply for eligible retail, hospitality and leisure properties for 2022/23. In addition, a new 100% improvement relief will be available where eligible improvements increase rateable value. There will also be a business rates freeze in 2022/23 (no increase in line with the multiplier). Local authorities will be compensated by the government for the resultant loss of income from these measures.

21 The detail of the business rates changes has yet to be confirmed. For financial planning purposes the budget assumes that Hammersmith & Fulham will receive the minimum amount guaranteed, the safety net threshold, by government. This is £57.2m for 2022/23. For years beyond 2022/23 a 2% inflationary increase to the safety net is modelled.

22 Planning obligations under section 106 of the Town and Country Planning Act 1990 (as amended), known as section106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development. Property developments have placed increased pressure on council services in recent years.

23 The Council has determined that a key priority area for the investment of available section 106 funds is to support the law enforcement team and the gangs unit. The budget assumes that annual contributions of £1.7m are invested in this area and this can be met from receipts currently in hand. The budget assumes that further General Fund investment required in those areas will be met from increased developer contributions.

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

HAMMERSMITH AND FULHAM's COUNCIL TAX REQUIREMENT

25 On 19 January 2022, Council agreed a Council tax base of 82,263 equivalent Band D properties for 2022/23. Therefore, the Council's element of the council tax for Band D properties can be calculated as followed:

Total Council Tax Requirement = £68,439,525 = £831.96 Band D
Tax Base (Band D equivalent) 82,263

26 This represents a freeze in the Hammersmith & Fulham element of the council tax charge and no additional levy for the adult social care precept.

27 As set out below just over half of dwellings in Hammersmith & Fulham are liable for 100% council tax with exemptions/ discounts for council tax support claimants, students, care leavers and single person households.

Table 9: Liability for council tax

Total dwellings in the borough	92,148
Reductions:	
Exemptions (mainly students, includes care leavers)	(3,780)
Council tax support claimants (elderly people & working age on low income)	(10,819)
Single person discount (25% discount)	(30,060)
Dwellings liable for 100% of council tax	**47,489**
	52%

PRECEPTOR'S (Greater London Authority) COUNCIL TAX REQUIREMENT

28 The Greater London Authority's (GLA) precept is also funded from council tax. The following table analyses the total amount to be funded and the resulting proposed overall Band D council tax level. The Mayor is consulting on budget proposals for a provisional Band D charge of £395.59. This is subject to formal approval by the Mayor following the London Assembly meeting of 24 February. The preceptors budget requirement will be amended should there be a change to the Mayor's proposed Band D charge.

Preceptor's Budget Requirement = £32,542,420 = £395.59 Band D
Tax Base (Band D equivalent) 82,263

29 The proposed GLA charge represents an increase of £31.93 (8.8%), compared to 2021/22. The precept proposal assumes that the government accedes to the Mayor's request to adjust the council tax excessiveness principles for the GLA (i.e. referendum limits) to accommodate an additional £20 rise to fund transport services in the final local government settlement. If this is not agreed then the final precept figure may change.

OVERALL COUNCIL TAX REQUIREMENT 2022/23

30 The overall amount to be met from the council tax, subject to confirmation of the GLA precept, is £100.982m. This will provide a balanced budget with £2.1m added to General Fund balances and reserves.

Table 10: Overall 2022/23 council tax requirement

London Borough of Hammersmith & Fulham	£68,439,525
Greater London Authority (proposed)	£32,542,420
Total requirement for council tax	**£100,981,945**

31 In accordance with the Local Government Finance Act 1992, the Council is required to calculate and approve a council tax requirement for its own budgetary purposes (section 9) and then add the separate council tax requirements for each of the preceptors (section 10). The requisite calculation is set out in Appendix A.

32 The Council must then set the overall council tax for the Borough. These calculations must be carried out for each of the valuation bands, A to H. The amount per Band D equivalent property is calculated as follows:

$$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base (Band D equivalent)}} = \frac{\pounds 100{,}981{,}945}{82{,}263} = \pounds 1{,}227.55 \text{ Band D}$$

CONSULTATION

Non-Domestic Ratepayers

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

Policy and Accountability (PAC) Committees

34 As part of the consultation process the budget proposals have been reviewed by the relevant Policy and Accountability Committees.

VIEWS OF THE DIRECTOR of FINANCE

The robustness of the budget estimates

35 Under Section 25 of the Local Government Act 2003, the Director of Finance is required to include, in the budget report, her view of the robustness of the 2022/23 estimates.

36 Budget estimates are exactly that, estimates of spending and income at a point in time. This statement about the robustness of estimates cannot give a guaranteed assurance about the budget but gives Members reasonable assurances that the budget has been based on the best available information and assumptions. For the

reasons set out below the Director of Finance, is satisfied with the accuracy and robustness of the estimates included in this report:

- The budget proposals have been developed following guidance from the Director of Finance and have been through a robust process of development and challenge with the Strategic Leadership Team, service directors and managers and Cabinet Members.
- An increased provision of £10m is set aside for inflation and takes account of expected pay awards and the 1.25% increase in employers national insurance contribution.
- The revenue budget proposals provide for the council to hold an increase of £0.5m in the unallocated contingency to £3.5m to meet unforeseen budget pressures.
- The budget acknowledges the potential on-going impact of Covid-19 with one-off pressures of £2.6m funded. A further one-off contingency of £1.5m is also set aside. There is risk that such funding will be insufficient and may be needed for a significantly longer period and this will be monitored during the year and incorporated into the 2023/23 budget process.
- Adequate allowance is made for pension costs with budgeted contributions in line with the recommendations from the 2019 triennial pension review.
- Service managers have made reasonable assumptions about growth pressures which, where not manageable within current budgets, have resulted in additional investment.
- Rigorous mechanisms will be in place to monitor sensitive areas of expenditure and the delivery of savings. The Council recognises that it faces an increasing financial challenge due to the combination of the impact of the Covid-19 pandemic, government grant funding cuts of £58m over the past 12 years, new burdens from government, demographic trends including increasing demand and complexity and cost of that demand. The latest current year Corporate Revenue Monitoring Report (month 6) forecasts an underspend of £2.768m, increasing to £4.7m should current mitigating actions be delivered. The forecast includes a net improvement in expected parking income of £3.4m and this is recognised within the 2022/23 budget proposals.
- The use of budget monitoring in 2021/22 to re-align budgets where required with mitigating actions identified to meet budget pressures and growth provided when needed.
- Key risks have been identified and considered.
- Prudent assumptions have been made about interest rates payable and the budget proposals are joined up with the requirements of the Prudential Code and Treasury Management Strategy. The revenue effects of the capital programme are reflected in the budget with an increase of £0.4m in the revenue net cost of borrowing.
- The recommendations regarding fees and charges are in line with the assumptions in the budget.
- A review with the Strategic Leadership Team of proposed savings and their achievability has taken place.
- Cabinet Members have reviewed and challenged all budget proposals. In addition, the relevant Policy and Accountability Committees have scrutinised the budget proposals.
- There are appropriate management and monitoring arrangements for the delivery of savings programmes.
- A prudent approach has been adopted on the local share of business rates income receivable, particularly in light of the impact of Covid-19, budgeting at the safety net.

- Developer contributions £1.7m are included in the budget to support the law enforcement team and gangs unit. Monitoring arrangements are in place to ensure that sufficient contributions are set aside to meet the budget assumptions.

Risk, revenue balances and earmarked reserves

37 Under Section 25 of the Local Government Act 2003, the Director of Finance is required to include, in budget reports, her view of the adequacy of the balances and reserves the budget provides for in light of the medium-term risks facing the authority.

38 The key financial risks that face the Council have been identified and quantified (Appendix D). They total £14.1m. Other substantive risks include:

- The Covid-19 recovery and addressing pent-up demand
- An upturn in inflation post Brexit and Covid-19
- Higher pay inflation particularly given current labour shortages
- The stabilisation and restoration of Hammersmith Bridge, with the Council incurring revenue and capital costs at risk until government funding is confirmed
- The future impact on London of the government's 'levelling-up' agenda and wider local government finance reform (such as business rates)
- The impact of the wider economy on major Council development projects and future contributions from developers
- The impact of, and costs of, tackling climate change
- The challenge of identifying further significant future savings that balance the budget over the longer-term.

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

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

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

41 The Council continues to take robust action to ensure reserves are maintained at sufficient levels. It has put in place a reserves strategy (Appendix J) to ensure effective oversight regarding the level and use of reserves and has established an action plan to maintain reserves at an appropriate level. In accordance with the strategy and action plan, the 2022/23 budget includes new one-off contributions to general fund balances and reserves of £2.1m arising from one-off benefits. This follows cumulative new contributions of £8.3m agreed in the 2020/21 and 2021/22 budgets.

General fund balances

42 The Council's general balance is budgeted to be £20.4m at the start of 2022/23. This equates to 3.8% (14 days spend) of the Council's gross budget of £533.5m. This is within the medium term optimal range of £19m to £25m set as part of the Council's reserves strategy (Appendix J). The Director of Finance considers that this optimal range is sufficient to allow for the risks identified and to support effective medium-term financial planning.

43 As part of the 2022/23 budget it is proposed that £0.6m, from the planned £2.1m new contribution to reserves and balances, be added to the general balance. This will increase the general balance to £21m.

Earmarked reserves

44 The Council holds a number of earmarked reserves. The latest forecast to 2025/26 is summarised in Table 11 and detailed in Appendix K. It is the view of the Director of Finance that such reserves are adequate to deal with anticipated risks and liabilities. As part of the 2022/23 budget it is proposed that £1.5m, from the planned £2.1m new contribution to reserves and balances, be added to the corporate demands and pressures reserve.

Table 11: Reserves and general balances - cash flow forecast to 2025/26

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Opening balance					
General balances	19.3				
Earmarked reserves – unrestricted	63.7				
Covid-19 related	51.4				
Earmarked reserves – restricted	10.4				
Subtotal	**144.8**	**93.1**	**85.0**	**84.4**	**97.0**
Forecast movement (largely relating to timing of Covid payments)	(56.4)	(10.2)	(0.6)	12.6	
Forecast 2021/22 underspend	4.7	0	0	0	
2022/23 new contribution	0	2.1	0	0	
Closing balance	**93.1**	**85.0**	**84.4**	**97.0**	
Revenue developer contributions	46.0	Subject to separate monitoring and approval			

45 The existing commitments are detailed in Appendix J and include the planned investment of earmarked reserves on council priorities (for example the Civic Campus, implementing the IT strategy and resident experience access programme). Allowance is made within the reserves forecast for the estimated 2021/22 revenue budget underspend (after allowance for the delivery of in-year action plans) of £4.7m at month 6.

46 The Director of Finance considers that current reserves are adequate to deal with anticipated risks and liabilities. Reserves can only be spent once and need careful management and review to safeguard future financial resilience and deliver service transformation and key resident priorities. Continued focus will be required on

keeping spend within budget, avoiding the use of reserves to balance future budgets and on rebuilding reserves to support future investment.

Council tax setting

47 As part of the Localism Act 2011, the government replaced the power to cap excessive budgets and council tax increases with compulsory referenda on council tax increases above limits it sets. For 2022/23 local authorities “will be required to seek the approval of their local electorate in a referendum if, compared with 2021/22, they set an increase in the relevant basic amount of council tax that is 2% or higher”. As there is no proposed council tax increase for this Council no such referendum is required.

48 In addition, the government has modelled setting a precept to fund Social Care for Adults of 1% in 2022/23. Hammersmith & Fulham do not propose to apply an increase in relation to this precept in 2022/23.

Prior year Collection Fund adjustments

49 The Local Government and Finance Act 1988 requires that all council tax and non-domestic rates income is paid into a Collection Fund, along with payments out regarding the Greater London Authority precept, the business rates retention scheme and a contribution towards a Council’s own General Fund. Adjustments are made to future years for the difference between the actual, and budgeted income collected.

50 For Hammersmith & Fulham a net collection fund surplus of £685,000 is estimated for 2021/22 (after allowance for the government regulation that allowed the 2020/21 estimated deficit due to the Impact of Covid-19 to be spread over three years). The Hammersmith & Fulham share is estimated at £450,000[3].

APPOINTMENT OF EXTERNAL AUDITORS 2023-28

51 Under the Local Audit and Accountability Act 2014 (the Act), local public bodies in England are required to appoint their own external auditors. Under the legislation, authorities can make an appointment via “an appointing person” to act as a sector-led joint procurement body for local audit. The government have appointed Public Sector Audit Appointments (PSAA) for this purpose.

52 On 22 September 2021 PSAA invited all eligible bodies to become opted-in authorities for the period 2023/24 to 2027/28 (the compulsory appointing period). A decision to become an opted-in authority must be taken by Full Council and the deadline to opt-in for the period 2023-28 is Friday 11 March 2022.

53 For the period 2018-23, 98% of relevant local bodies opted in to the PSAA arrangements (including Hammersmith & Fulham). It is recommended that the Council opt-in to PSAA sector-led appointing-person arrangements for the appointment of External Audit (including Pension Fund) for the years 2023-28.

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[3] For the purposes of this report this is shown as part of the corporate savings (balance sheet review)

54 The detailed report, including analysis of options, as presented to the December 2021 Audit Committee is included at Appendix L. The Audit Committee is supportive of the proposed recommendation.

EQUALITY IMPLICATIONS

55 Published with this report are the Equalities Impact Assessments (EIAs) for each department proposing savings. Additionally, there is a corporate budget EIA which assesses the impacts on equality of the main items in the budget proposed to Full Council, the decision to freeze council tax and not to apply the social care precept increase. The full EIA (draft) is attached at Appendix G together with individual EIAs for service areas.

RISK MANAGEMENT IMPLICATIONS

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

- *<u>Future Pressures</u>:* It is inevitable that, in addition to the ongoing financial pressures relating to the Covid-19 pandemic, further, as yet unidentified and therefore unquantified, budget pressures will manifest over the term of the current Medium Term Financial Strategy (MTFS), both in terms of additional/unplanned expenditure and reductions in sources of funding and income. In addition, councils have only received a one-year settlement for 2022/23 which creates further uncertainty over funding levels in the medium term. The Council must be prepared for such eventualities and maintain the progress for further savings, efficiencies and income generating initiatives and retain sufficient reserves to manage unexpected costs.
- *<u>Demand Pressures</u>:* There is a real risk of increased demand for children's services, adult social care and homelessness services over the coming years. These are difficult areas in which to accurately quantify future demand, particularly given economic uncertainty. However, recent years have demonstrated that cost pressures are appearing as a result of diminishing resources, growing demand and new duties placed upon local authorities by central government. Current demand pressures exist in a number of areas including Social Care Children's Services and Temporary Accommodation.

- *<u>Use of Balances</u>:* The risk associated with drawing on balances is that they are one-off non-sustainable options rather than permanent efficiencies. Prudent levels of balances should be maintained for later years where grant losses continue.

- *<u>Procurement and Contracts</u>:* The Council will continue to review and develop forward planning for Commissioning and Procurement activities to identify new efficiencies and opportunities, increasing value to its residents. Continued robust management of the Council's contracts is essential to ensure that they remain resilient during the challenges posed by changes resulting from the trade deal agreed with the European Union in December 2020 and any changes made to UK legislation arising from the UK's exit from the European Union.

54 The economic climate in which the Council has to operate continues to be extremely challenging. Cost overspends on significant projects can pose a risk for financing, particularly in the current economic climate when funding is limited. Project and budget management processes are currently in place to limit the risk of overspend or slippage whilst accounting advice is sought to mitigate against any such risk should it occur. Continuing real terms cuts to local government funding, external cost pressures and the need to fund local priorities mean that the Council has to continue with its significant savings and transformation programmes.

55 The report sets out a number of risks facing the Council, along with other local authorities in terms of previous reductions in local government funding and future prospects for funding, increases in demand for key services and the need to maintain adequate levels of reserves in the face of these pressures and the significant investment which the Council is applying or seeking to apply to a range of key programmes. The report clearly sets out the increased level of financial risk and the known and planned reductions in the level of reserves, which include the significant investment proposed in respect of the regeneration of Civic Campus programme, Education City and other affordable housing developments. Strong programme governance and oversight is in place and it is important that this is maintained to ensure that key objectives and outcomes are being delivered within approved budgets.

56 Appendix D sets out the financial risks against which the 2022/23 budget and MTFS are being proposed for approval. There are significant financial risks around ongoing demand for children and young people with Special Educational Needs funded by High Needs Block Dedicated Schools Grant, funding for social care services, increases in the demand for and cost of temporary accommodation, the reliability of a range of income and funding streams (which have been particularly affected by the pandemic) needed to support the delivery of front-line services, along with inflationary pressures on staffing costs and contracts. Appendix D contains high level mitigating actions in many cases. It is vital that clear mitigation plans are developed for all risks identified, which will then be implemented, monitored and reported on to ensure that the Council is able to deliver vital services within its overall cost envelope.

57 Similarly, Appendix C sets out a range of growth and savings proposals which will need to be appropriately planned, implemented, managed, monitored and reported on. Robust controls and governance will need to be applied to ensure that key activities support the delivery of the Council's objectives while ensuring that costs are appropriately controlled, savings delivered and growth investment achieves the required outcomes. Where actions are not delivering savings or mitigating financial pressures, prompt and appropriate action will need to be identified and taken.

Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 21 January 2022.

PROCUREMENT IMPLICATIONS

58 There are no direct implications resulting from this report.

List of Appendices:

- Appendix A – The requisite council tax calculations for Hammersmith & Fulham
- Appendix B – Medium term financial forecast
- Appendix C – Investment and savings proposals
- Appendix D – Budget risks
- Appendix E – Government grant funding
- Appendix F – Fees and charges – exceptions to the standard increase
- Appendix G – Equalities Impact Assessment
- Appendix H – The business rates retention scheme for Hammersmith & Fulham
- Appendix I – Spending power calculation
- Appendix J – Reserves strategy
- Appendix K – Reserves realignment and forecast
- Appendix L – Audit Committee Report: Appointment of External Auditors

APPENDIX A

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

		£
(a)	Being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2) (a) to (f) of the Act.	600,442,345
(b)	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act.	499,460,400
(c)	Being the aggregate difference of (a) and (b) above calculated by the Council in accordance with Section 31A (4) of the Act, as its council tax requirement for the year.	100,981,945
(d)	Being the amount formally agreed by Council as the council tax base for 2022/23.	82,263
(e)	Being the amount at (c) divided by the amount at (d) above, calculated by the Council in accordance with Section 31B of the Act as the Basic amount of council tax (Band D) for the year.	1,227.55
(f)	Hammersmith & Fulham proportion of the Basic amount of its Council Tax (Band D)	831.96

(g) Valuation Bands – Hammersmith & Fulham Council:

Band A	**Band B**	**Band C**	**Band D**
554.64	647.08	739.52	831.96
Band E	**Band F**	**Band G**	**Band H**
1,016.84	1,201.72	1,386.60	1,663.92

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

(h) Valuation Bands – Greater London Authority

That it be noted that the following amounts in precepts issued to the Council in respect of the Greater London Authority, its functional and predecessor bodies, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Band A	**Band B**	**Band C**	**Band D**
263.73	307.68	351.63	395.59
Band E	**Band F**	**Band G**	**Band H**
483.50	571.41	659.32	791.18

(i) That having calculated the aggregate in each case of the amounts at (g) and (h) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts of Council Tax for the year 2022/23 for each of the categories of dwellings shown below:

Band A	**Band B**	**Band C**	**Band D**
818.37	**954.76**	**1,091.15**	**1,227.55**
Band E	**Band F**	**Band G**	**Band H**
1,500.34	**1,773.13**	**2,045.92**	**2,455.10**

Appendix B - Medium term financial forecast

	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
Net base budget	**160,416**	**160,416**	**160,416**	**160,416**
Contract and pay inflation	10,000	16,000	22,000	28,000
Investment	4,793	10,793	16,793	22,793
Impact of Covid-19 / economic downturn	2,641	0	0	0
Net cost of borrowing (revenue cost of capital programme)	400	1,700	2,100	2,100
Savings and change proposals	-4,401	-4,787	-4,858	-4,885
One-off saving (concessionary fares)	-2,300	0	0	0
Recognition of current income projection	-3,400	-3,400	-3,400	-3,400
Increase in unallocated contingency	500	500	500	500
One-off Covid-19 contingency	1,500			
Contribution to reserves and balances	2,106			
Budget requirement	**172,255**	**181,222**	**193,551**	**205,524**
Government resources				
General grants (including new homes bonus)	-26,402	-22,895	-22,895	-22,895
Revenue Support Grant	-18,046	-18,046	-18,046	-18,046
Council resources				
Business rates (net of tariff) (increase by CPI forecast of 2% per annum from 2023/24 onwards)	-57,217	-59,326	-60,690	-61,904
Council tax (freeze assumed from 2023/24; increases in revenue modelled are due to expected new dwellings)	-68,440	-69,064	-69,688	-70,312
Prior Year Collection Fund adjustments (net)	-450	-450	-450	-450
Developer contributions - law enforcement team and gangs unit	-1,700	-1,700	-1,700	-1,700
Total forecast resources	**-172,255**	**-171,481**	**-173,469**	**-175,307**
Budget gap	**0**	**9,741**	**20,082**	**30,217**

Children's Services and Education

Change and Savings Proposals				**Budget Change**			
Ref Nos	**Service**	**Title & Theme**	**Summary**	**2022-23 Budget Change Cumulative (£000's)**	**2023-24 Budget Change Cumulative (£000's)**	**2024-25 Budget Change Cumulative (£000's)**	**2025-26 Budget Change Cumulative (£000's)**
1	Children's & Young People	Placement Sufficiency	Continuation of improved processes for Semi Independent Living through clear pathways and improved use of in borough provision	(341)	(341)	(341)	(341)
2	Children's Services	Social, Emotional and Mental Health Review	Reviewed joint funding arrangements with Health partners for Looked After Children CAMHS - without any reduction in the service	(92)	(92)	(92)	(92)
3	Children's & Young People	Client and placement related expenditure review	Improvement of processes to enable more effective and targeted interventions to support young people	(100)	(100)	(100)	(100)
Total Change and Savings Proposals				**(533)**	**(533)**	**(533)**	**(533)**

Investment and Covid Recovery				**Budget Change**			
Ref Nos	**Service**	**Title & Theme**	**Summary**	**2022-23 Budget Change Cumulative (£000's)**	**2023-24 Budget Change Cumulative (£000's)**	**2024-25 Budget Change Cumulative (£000's)**	**2025-26 Budget Change Cumulative (£000's)**
1	Children's & Young People	Shared Adoption Service	West London Regional Adoption demand led pressure	110	110	110	110
2	Children's & Young People	Shared Fostering Service	Fostering activity based pressure	235	235	235	235
3	Education	Travel care demand	Travel Care demand growth in education and health care plans	169	169	169	169
4	Education	Impact of academisation		20	20	20	20
Total Investment and Covid Recovery				**534**	**534**	**534**	**534**

Public Health

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)
Firm Savings Proposals							
1	Public Health	Reframe and redesign services	Savings from better procurement of health visiting and school nursing. Service quality to be same or better with savings achieved through improved procurement and contract negotiation. Delivery of agreed savings on 0-19 Public Health Nursing.	(120)	(180)	(180)	(180)
2	Public Health	Reframe and redesign services	Substance misuse - remodelling in 2021/22 and subsequent procurement of 3 contracts in 2022/23	0	(50)	(50)	(50)
3	Public Health	Reframe and redesign services	Reviewed joint funding arrangements with Health partners for Looked After Children CAMHS without any reduction in the service	(50)	(50)	(50)	(50)
Total Change and Savings Proposals				**(170)**	**(280)**	**(280)**	**(280)**

Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)
Firm New Investment, Demand and Demographic Growth Requests							
1	Public Health	Re-Investment	Food poverty/ healthy eating	50	50	50	50
2	Public Health	Re-Investment	Health inequalities	50	50	50	50
3	Public Health	Re-Investment	Increase Substance Misuse services to respond to increased caseloads post Covid lockdown	70	70	70	70
Total Investment and Covid Recovery				**170**	**170**	**170**	**170**

Social Care

Firm Change and Savings Proposals				Budget Change			
Ref Nos	**Service**	**Title & Theme**	**Summary**	**2022-23 Budget Change Cumulative (£000's)**	**2023-24 Budget Change Cumulative (£000's)**	**2024-25 Budget Change Cumulative (£000's)**	**2025-26 Budget Change Cumulative (£000's)**
SC1	Quality, Safety and Performance and Front door, brokerage and specialist services	Continuous improvement of services	•**To improve access to the appropriate care at the right time** by reviewing discharge from acute hospitals to ensure placements made by health to clear hospitals quickly do not result in high costs for care when social care take on responsibility for the placements. We would also challenge and reassess NHS Continuing Health Care to ensure where residents need health care it is provided by the NHS. •**To support residents to regain or maintain independence** by redesigning reablement services including better use of equipment and technology, use Occupational Therapists better and more frequently to support both prevention of the need for unnecessary care and to aid reablement and make use of digital technology to assist in accessing our range of services. •**To buy quality, good value for money care and support** by better managing care support and placements so residents are supported at the right time and for the right length of time to enable independent living & improved health and wellbeing. We aim to redesign the brokerage function so we secure the best services for residents and bolster the service with more focus on specialist support. In addition we will use London wide benchmarking data or tools like 'care cubed' to secure quality, good value for money learning disability and mental health placements. •**To engage with residents effectively** by developing a health and wellbeing strategy and continue to coproduce our living independently webpage. In addition developing a workforce so that strength based social work practice is consistently used to offer residents choice and control about how they are supported.	(800)	(800)	(800)	(800)
SC2	Quality, Safety and Performance and Front door, brokerage and specialist services	Improve access to and support provided from our front door	•**To build on the success of Conversations Matters' work** using preventative measures by regular wellbeing phone calls to residents and to provide information and practical support where needed. (Learning from Covid-19). •**To improve access to services/support and information for residents and make better use of digital technology** by the development of a web based/app resident portal (Learning from Covid-19). •**To deliver workforce efficiencies** by a system redesign incorporating a therapeutic approach by using occupational therapists and skilled practitioners at an early stage. •**To improve the hospital discharge pathway into the community** through the changes brought about by NHS Discharge to Assess Hospital Guidance, we are undertaking a review, with our NHS colleagues, to look at the skill mix required to support a safe hospital discharge and ensure we have our social work resources placed in the most appropriate setting. •**The inclusion of specialist services in the Multi Agency Safeguarding Hub (MASH)** by the co-location of agencies (the police and mental health to begin with) to respond to safeguarding concerns in a more informed and responsive way by sharing information quickly.	(700)	(700)	(700)	(700)
Total Firm Savings Proposals				**(1,500)**	**(1,500)**	**(1,500)**	**(1,500)**

Investment and Covid Recovery				Budget Change			
Ref Nos	**Service**	**Title & Theme**	**Summary**	**2022-23 Budget Change Cumulative (£000's)**	**2023-24 Budget Change Cumulative (£000's)**	**2024-25 Budget Change Cumulative (£000's)**	**2025-26 Budget Change Cumulative (£000's)**
1	Quality, Safety & performance and Learning Disabilities, Mental Health and In-House	Demographic growth	The Social Care budget is under severe pressure due to an ageing population, increasingly complex needs resulting from learning disabilities and mental health issues. For H&F demographic pressures relating to the increased numbers of older and disabled people requiring social care is forecast to be an average of 1.79% over the period 2021 to 2024 and equates in monetary terms to a cumulative total of £5.6m.	1,326	2,694	4,104	5,558
2	Learning Disabilities, Mental Health and In-House	Learning disability transitions	Additional funding is required for the Learning Disabilities budgets to fund the increasing number of disabled young people transitioning into adult services. We have estimated that there are likely to be 70 more young people by 2025/26 creating a cost pressure on an already overspending budget.	411	950	1,032	1,376
3	All Divisions	Employers' NI	Government increase in National Insurance Contributions by 1.25% (employer) with a proposed increase by social care providers requesting the Council fund	537	537	537	537
4	Learning Disabilities, Mental Health and In-House	Hospital discharge	As part of the Hospital Discharge to Access policy, there are greater number of residents discharged and increasing acuity of need, putting pressure on the Social Care budget	1,824	0	0	0
5	All	Long Covid-19/MH	Mental Health mapping impact of long Covid on non secondary and secondary mental health services in the borough	143	0	0	0
6	All	Adult Social Care reform	Application of market sustainability and fair cost of care grant which has the potential to increase prices from care providers	620	620	620	620
Total Investment and Covid Recovery				**4,861**	**4,801**	**6,293**	**8,091**

The Economy Department

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)
1	Housing Solutions	Consolidation of management & workforce and reduction in the use of agency staff	Current implementation of approved restructure will reduce agency staff and enable overall staffing. This is the conclusion of a phased savings delivery programme.	(200)	(200)	(200)	(200)
2	Economic Development Learning & Skills	Section 106 funding of Economic Development senior management costs	The Economic Development team is largely funded from Section 106 and it is proposed to extend this to cover an appropriate share of senior management costs	(35)	(35)	(35)	(35)
Total Change and Savings Proposals				**(235)**	**(235)**	**(235)**	**(235)**

Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)
1	Planning	Planning Fee income	Realignment of income target following the Covid-19 pandemic, Brexit and other factors damaging the economy	350	350	350	350
2	Planning	Planning Fee income - Covid-19 impact	To mitigate the immediate financial impact of the Covid-19 pandemic	300	0	0	0
Total Investment and Covid Recovery				**650**	**350**	**350**	**350**

The Environment Department

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)
1	Resident Services	Resident Experience and Access Programme	Improved resident experience and access through better use of technology	(417)	(693)	(764)	(791)
2	All Environment	Workforce	Review of workforce to deliver efficiency savings	(500)	(500)	(500)	(500)
3	All Environment	Fees and Charges	Review of commercial charges in line with inflation	(200)	(200)	(200)	(200)
4	Leisure	Leisure Contract	Increased income from contractor running leisure contract following council investment in facilities	(67)	(67)	(67)	(67)
Total Change and Savings Proposals				**(1,184)**	**(1,460)**	**(1,531)**	**(1,558)**

Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2022-23 Budget Change Cumulative (£000's)	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)
1	Community safety	Violence against women and girls	Increased investment in reducing violence against women and girls	100	100	100	100
2	Community Safety	Modern Slavery and Exploitation	Investment in ending modern slavery and exploitation	85	85	85	85
3	Building Control	Building Control Income	Align Building Control budget with cost of statutory and non-chargeable services	50	50	50	50
4	Public Realm	Enhanced community safety	Targeted reduction in crime through focussed redesign of public areas	60	60	60	60
5	Highways	Flood management	Enhanced flood management and mitigation	175	175	175	175
6	Highways	Winter maintenance	Align winter maintenance budget with actual spend	100	100	100	100
7	Waste Disposal	Waste processing costs	Phased increase in recyclate processing costs over 5 years	60	120	180	240
Total Investment				**630**	**690**	**750**	**810**
8	Various	Covid related income losses	Temporary loss of commercial income following the Covid-19 pandemic. Assumes full commercial recovery by quarter two.	248	0	0	0
Total Investment and Covid Recovery				**878**	**690**	**750**	**810**

Corporate (Finance, Resources, Council Wide)

Change and Savings Proposals				**Budget Change**			
Ref Nos	**Service**	**Title & Theme**	**Summary**	**2022-23 Budget Change Cumulative (£000's)**	**2023-24 Budget Change Cumulative (£000's)**	**2024-25 Budget Change Cumulative (£000's)**	**2025-26 Budget Change Cumulative (£000's)**
1	Finance	Balance sheet review	Balance sheet review and management of working capital and debt management	(450)	(450)	(450)	(450)
2	Digital	Cloud Strategy: Migration to a modern cloud-based service	Development and implementation of our 'cloud first' strategy to migrate to cloud-based services. This is a wide ranging and long-term programme running over 2-3 years covering applications as well as their supporting infrastructures.	(300)	(300)	(300)	(300)
3	Digital	Multi Functional Devices (Printers) - contract procurement	Reduction of the number of multi-functional devices (printers) across the estate in line with new ways of working and climate strategy	(150)	(150)	(150)	(150)
4	Transformation, Talent and Inclusion	Workforce effectiveness and efficiency	The workforce effectiveness programme is focusing on key workforce workstreams to deliver service efficiencies, reconfiguration and rationalisation across departments	(329)	(329)	(329)	(329)
Total Change and Savings Proposals				**(1,229)**	**(1,229)**	**(1,229)**	**(1,229)**

Investment and Covid Recovery				**Budget Change**			
Ref Nos	**Service**	**Title & Theme**	**Summary**	**2022-23 Budget Change Cumulative (£000's)**	**2023-24 Budget Change Cumulative (£000's)**	**2024-25 Budget Change Cumulative (£000's)**	**2025-26 Budget Change Cumulative (£000's)**
1	Finance	Digital advertising income	Realignment of income target regarding underlying income shortfall following the pandemic	90	90	90	90
2	Digital	Remote working support costs	To support the Council's agile working policy and in response to the working from home directive as a result of the Covid-19 pandemic	35	35	35	35
3	Governance and scrutiny	Boundary Commission review of council wards and boundaries	Proposals from the Local Government Boundary Commission for England recommended that H&F increase the number of wards from 16 to 21, and also increase the number of ward councillors from 46 to 50	36	36	36	36
4	Governance and scrutiny	Workforce	Additional support costs	50	50	50	50
5	Finance - Covid Recovery	Recovery from global advertising slowdown	The impact of Covid-19 on the wider advertising market has lead to a decline in income generated from profit share arrangements with advertising agencies	130	0	0	0
Total Investment and Covid Recovery				**341**	**211**	**211**	**211**

Children's Services Department Risks

		Risk				
Department & Division	**Short Description of Risk**	**2022/23 Value (£000s)**	**2023/24 Value (£000s)**	**2024/25 Value (£000s)**	**2025/26 Value (£000s)**	**Mitigation**
Children and Young Peoples Services	Increased demand as a result of the service being needs led	To be kept under review and closely monitored.				Targeting of earlier intervention through use of family group conferences, involvement of Family Assist services and monitoring of trends
Children and Young Peoples Services	Greater demand on services as more families experience prolonged duress and the impact of economic downturn due to the pandemic	To be kept under review and closely monitored				Undertaking risk assessments and monitoring
Education	Travel Care is determined by the needs of children with SEND and the extent to which school placements are made out of borough and at a considerable dustance from the child's home. Demand for Travel Care continues to rise.	To be kept under review and closely monitored				The SEN Sufficiency Review commissioned for early 2022/23 will identify further opportunities for local SEN educational provision and inform how local provision can be developed in order to increase the number of children with SEN being able to access both local mainstream and special school places, thus reducing the both the demand for travel care, and the length of journeys to reduce costs
All Children's and Education Services	Contractual and statutory inflation more than budgeted	To be kept under review and closely monitored				Seek to minimise inflationary uplifts as far as possible, noting these are often legally enforceable contract clauses. Set aside corporate inflationary contingency
Total						

Social Care Department Risks

		Risk				
Department & Division	**Short Description of Risk**	**2022/23 Value (£000's)**	**2023/24 Value (£000's)**	**2024/25 Value (£000's)**	**2025/26 Value (£000's)**	**Mitigation**
All divisions	Market fragility and provider failure as there is a risk that a major service provider ceases to be viable for any of the following combinations of reasons, such as a major incident, change in finances, safeguarding or the impact of Covid-19. For example, vaccinations are now mandatory for all care home staff. With inflation increasing there is a potential risk that the budgetary inflation proposed will be insufficient to support care market providers. In addition, we have not modelled the impact of the National Minimum Wage increase announced in SR21.	830	830	830	830	Manage potential increase in costs in the market and support the market. The department meets contractors at least weekly to ensure contract outcomes are being met, issues are discussed and contractors are resilient in the market. Additional Performance Management meetings are in place, as required.
All divisions	Potential impact on changes in income thresholds	0	194	581	968	Modelling of the income thresholds will be undertaken from October 2023 at the commencement of the Social Care Capping Regulations.
Learning Disabilities, Mental Health and In-House	As part of the Hospital Discharge to Access policy, there are greater number of residents discharged and increasing acuity of need, putting pressure on the Social Care budget (2022/23 from one-off funding and for future years review for base budget change).	0	1,824	1,824	1,824	We will continue to monitor the impact of the Hospital Discharge process and seek funding from government and/or NHS Partners.
Mental Health	Mental Health mapping impact of long Covid on non secondary and secondary mental health services in the borough	0	286	429	572	We will continue to monitor the impact of the Hospital Discharge process and seek funding from government and/or NHS Partners
All divisions	Social Care Reform and NHS uncertainty about future funding	?	?	?	?	We will monitor the potential extra cost in the market of the NI increase being transported back to local authority as additional care costs from providers (1.25% increased cost).
All divisions	Implementation of Liberty Protection Safeguards 2022	100	100	100	100	Likely introduction of the new Liberty Protection Safeguards in 2022 may place new burdens on Social Care. This legislation will replace the Deprivation of Liberty Safeguards.
All divisions	Independent Living Fund grant, due to end on 31st March 2022	772	772	772	772	Grant allocations have not yet been confirmed. The council is committed to support residents in receipt of Independent Living Fund and will lobby the government to maintain grant levels
All divisions	Covid-19 impact on isolation, increasing drugs and alcohol and obesity will place further pressure on Adult Social Care budget	?	?	?	?	Further modelling will be undertaken to estimate the financial risks involved.
Total		**1,702**	**4,006**	**4,536**	**5,066**	

The Economy Department Risks

		Risk				
Department & Division	**Short Description of Risk**	**2022/23 Value (£000s)**	**2023/24 Value (£000s)**	**2024/25 Value (£000s)**	**2025/26 Value (£000s)**	**Mitigation**
Economic Development, Learning & Skills	Section 106 funding (risk modelled of 10% reduction)	250	250	250	250	Regular review of section 106 funding and review of costs
Economic Development, Learning & Skills	Adult Learning & Skills course fees	214	TBC	TBC	TBC	Reduction in levels of sessional staffing where appropriate and staffing restructure
Economic Development, Learning & Skills	Adult Learning grant	1,000	TBC	TBC	TBC	
Regeneration & Development	Development Team - non-capitalised General Fund staffing costs	100	100	100	100	The timing of recruitment to the new team and consequential delivery of development schemes
Regeneration & Development	Abortive costs for development schemes	TBC	TBC	TBC	TBC	
Operations	Property Transformation Programme	214	214	214	214	A review of rental income streams potential is in train to ensure funding for the team is available
Operations	Facilities Management - Cleaning costs	500	-	-	-	Review of Covid-19 funding
Operations	Commercial property income	TBC	-	-	-	
Housing Solutions	Housing solutions - grant income uncertainty (20% loss modelled)	-	954	954	954	
Housing Solutions	Provision of accommodation for rough sleepers and other temporary accommodation clients	139	139	139	139	No further funding is currently being made available for Covid-19 related costs
Housing Solutions	Overall Benefit Cap (OBC) & Discretionary Housing Payments (DHP)	108	108	108	108	Support and enable residents to gain exemption from the Benefit Cap or meet the shortfall through: - Training and qualifying employment - Disability/Carers benefit where possible - Resettlement into affordable housing - Personal budgeting
Housing Solutions	End of Government eviction ban	164	164	164	164	Help new Temporary Accommodation tenants (Private Rental Sector evictees) manage rent shortfalls from tapered income (non-BenCap) through: - Personal budgeting - Welfare benefit advice
Housing Solutions	Rent collection risk due to the impact of Covid19, and cost of living increases, on personal income	595	595	595	595	Robust but sensitive Temporary Accommodation income collection processes post pandemic
Housing Solutions	There is a risk of a further increase in the number of households in Temporary Accommodation - based on an additional 100 households this year above the current forecast	549	1,097	1,646	2,195	Increase access to private rented accommodation as outlined and agreed in recent changes to Council's Housing Allocation Scheme. Working closely with Capital Letters to increase supply.
Housing Solutions	Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	279	563	851	1,143	Reducing expensive Temporary Accommodation may mean procuring additional units outside of this borough. Capital Letters collaboration.
Housing Solutions	Since 2015, the Council has successfully managed to protect families from being housed in B&B accommodation. The increasing demand pressures arising from the Government's programme of Welfare Reform mean that there is a risk that the cost of maintaining this policy will increase.	129	143	156	170	Good management of the procurement of Temporary Accommodation for larger families
Housing Solutions	Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	384	768	1,152	1,536	Increase access to private rented accommodation as outlined and agreed in recent changes to Council's Housing Allocation Scheme. Working closely with Capital Letters to increase supply.
Housing Solutions	Domestic Abuse Act - increase in households in temporary accommodation - extra 70 households this year above the current forecast	384	768	1,152	1,536	Increase access to private rented accommodation as outlined and agreed in recent changes to Council's Housing Allocation Scheme. Working closely with Capital Letters to increase supply.
Planning	Planning application fees income	812	-	-	-	GDP is expected to grow by 6.5% in 2021 returning to pre-pandemic levels by April 2022. Service to continue to pursue opportunities to maximise income through Planning Performance Agreements and reviewing fees and charges.
Planning	Planning - exceptional costs	200	-	-	-	
Total		**6,021**	**5,863**	**7,481**	**9,104**	

Environment Department Risks

Department & Division	Short Description of Risk	Risk 2022/23 Value (£000s)	2023/24 Value (£000s)	2024/25 Value (£000s)	2025/26 Value (£000s)	Mitigation
Environment - All	Pressure on income levels across all chargeable services due to the on-going pandemic	744	992	0	0	Continue to implement recovery plans, work with residents and customers to recover income and to maximise any available government support
Environment - All	Significant national macro-economic inflationary pressures that may impact on service spend and current service contracts	1,784	1,784	1,784	1,784	Continue to work with contractors and suppliers to minimise impacts and secure agreement to temporarily vary contract conditions
Environment - All	Potential national public finance pressures that may impact on our specific grant funded services e.g. MOPAC, Transport for London	1,000	1,000	500	500	Continue to work proactively with our partners and highlight the major outcomes being achieved through the grant funded programmes. Develop alternative funding strategies as practicable.
Total		**3,528**	**3,776**	**2,284**	**2,284**	

Corporate (Finance, Resources, Council Wide) Risks

		Risk				
Department & Division	**Short Description of Risk**	**2022/23 Value (£000s)**	**2023/24 Value (£000s)**	**2024/25 Value (£000s)**	**2025/26 Value (£000s)**	**Mitigation**
Council wide	Contract and pay inflation in excess of current budget assumptions	2,800	2,800	2,800	2,800	The 2022/23 budget proposals include a retained contingency of £1.5m for inflationary risk
Total		**2,800**	**2,800**	**2,800**	**2,800**	

Government grant allocations

	2020/21 £000s	2021/22 £000s	2022/23 £000s	Notes
Within government core spending power				
Revenue support grant	17,410	17,506	18,046	2022/23 LGPFS then assume freeze
New homes bonus	6,863	5,274	2,750	2022/23 LGPFS then assume 50% reduction
Compensation for change in business rates multiplier	2,479	3,223	5,082	2022/23 LGPFS
Social care support	5,956	7,994	10,717	2022/23 LGPFS
Levy account surplus	207	-	TBC	Any levy will be confirmed in the final settlement, one-off so will be budgeted to reserves
Lower tier services grant		872	919	
Market sustainability and fair cost of care grant			620	New - future allocations to be decided
Services grant			4,264	New one-off grant. 2023/24 allocation to be decided.
	32,915	**34,869**	**42,398**	
Outside core spending power				
Housing benefit administration	966	966	966	
Localised council tax support administration	316	312	312	2022/23 allocation to be confirmed, freeze assumed
Independent living fund	772	772	772	2022/23 allocation to be confirmed, freeze assumed
Covid-19 local council tax support scheme grant		1,355		One year only for 2021/22
Total General Grants	**34,983**	**38,274**	**44,448**	
Grants allocated to departmental budgets				
Within government core spending power				
Better care fund	9,732	9,732	10,027	2022/23 LGPFS, passported to Social Care
Outside core spending power				
Flexible homelessness support	2,805			Replaced by homelessness prevention grant in 2021/22
Homelessness Reduction Act	568			Replaced by homelessness prevention grant in 2021/22
Homelessness prevention		3,774	3,823	The 2022/23 allocation includes £49k regarding a new duty associated with domestic abuse.
Rough Sleeping Initiative (RSI) Fund	184	997	TBC	2021/22 allocation includes £130k Covid funding, £167 RSI3 continuation funding & £700k RSI4
Lead Local Authorities Flood Grant	48	-	-	
Public Health	22,077	22,624	TBC	As per SR21 expected increase in line with inflation
New duty to support victims of domestic abuse	-		TBC	£98m nationally
Holiday activities and food programme	-		TBC	£220m nationally
Local reform and community voices	132	132	132	2022/23 allocation to be confirmed, freeze assumed
Prison social care	219	201	201	2022/23 allocation to be confirmed, freeze assumed
War pensions disregard	8	12	12	2022/23 allocation to be confirmed, freeze assumed

LGPFS - Local Government Provisional Finance Settlement

Fee Description	2021/22 Charge (£)	2022/23 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2021/22 (£)	Total Estimated Income Stream for 2022/23 (£)	Reason For Variation Not At Standard Rate
Meals service charges	**£2.00**	**£2.00**	➔ 0%	£80,000	£54,100	There is no change proposed in the flat rate contribution residents will pay towards the meal service for 2022/23. This will be the seventh year the meals charge will remain unchanged. The new meals and chat service has led to a model of local providers to offer a combination of standard fresh, chilled and ethnically diverse food options.
1. Careline Alarm Gold Service (Pendant)						
Private Clients (Home owners & Private Sector Tenants)	**£23.14**	**£23.14**	➔ 0%	£45,900	£45,900	There is no change proposed in the Careline charge in 2022/23, which will be no change for six years.
Council Non-Sheltered or Housing Association (RSL) Tenants	**£17.21**	**£17.21**	➔ 0%	£15,600	£15,600	
2. Careline Alarm Silver Service (Pendant) - Monitoring Service only						
Private Clients (Home owners & Private Sector Tenants)	**£16.12**	**£16.12**	➔ 0%	£22,800	£22,800	
Council Non-Sheltered or Housing Association (RSL) Tenants	**£10.30**	**£10.30**	➔ 0%	£5,700	£5,700	
3. Careline Alarm Gold Service (Pull cord) - Emergency Response & Monitoring Service						
(A) Provided to Registered Social Landlord Sheltered Accommodations (RSL Financed)	**£6.76**	**£6.76**	➔ 0%	£17,600	£17,600	

Equalities Impact Assessment (EIA) 2022/23

Overview and summary

The purpose of this EIA is to assess the main items in the budget proposed to Full Council on 24th February 2022.

For 2022/23, a balanced budget is proposed based on various growth areas, savings, grants, fees and reserves. As part of the budget, the Council proposes to freeze Council Tax and not apply the government modelled 1% increase in the Adult Social Care Precept. Further information is set out in the main budget report.

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

Methodology

The analysis looks at the impact of Council Tax and Adult Social Care precept proposals and, secondly, at the budget on which that decision is based. Initial EIAs have been undertaken of all the proposals at this stage, with a full EIA undertaken for those where potential adverse impact on groups that share protected characteristics have been identified. EIA is an ongoing process and further assessment will be undertaken of policy decisions as appropriate. This will happen throughout 2022/23 as part of the Council's decision-making process and changes will be made where appropriate.

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

Summary of impact of the proposed budget

Analysis of the impact of Council Tax remaining at current level

It is proposed that Council Tax remains at its current level for 2022/23 which means that there is no new impact resulting from the setting of Council Tax for this budgetary year, either positive or negative. The maximum amount the Council could increase Council Tax, before requiring a compulsory referenda on a Council Tax increase is 2% as modelled by the government in its core spending power calculation. Were the maximum increase of 2% applied this would raise income of £1.37m for Hammersmith & Fulham.

In addition, the government has modelled setting a precept to fund Social Care for Adults of 1% in 2022/23. Hammersmith & Fulham do not propose to apply an increase in relation to this precept in 2022/23. Were the maximum increase of 1% applied this would raise income of £0.685m for Hammersmith & Fulham.

People who use Adult Social Care (ASC) services comprise of individuals with physical support, learning disability and mental health needs and their carers. Based on the latest population data, 20% of the Borough population have a long-term health condition or disability and 10% of the population are aged 65 or over.

Data from Short- and Long-Term Care (SALT) returns shows that 39% of those receiving long term services at end of March 2019 were in the 18-64 age range and 61% were aged 65 or over. The corresponding figures for those receiving short term services were 21% and 79%. Across both long-term and short-term services, 37% of customers were aged 18-64 and 63% aged 65+.

70% of carers assessed by the Council are female carers (compared to 51% of the population as a whole), so carers are disproportionately more likely to be female. For ASC residential and nursing placements and for community-based services, 37% of customers are from Black, Asian, mixed or other ethnic groups, 53% of customers are White and 10% remain unclassified. This is based on published information in the SALT return. In contrast, data from the 2011 Census indicates that the proportion of Black, Asian, mixed or other ethnic groups in the Borough population as a whole was 32%, so these groups are marginally over-represented among service users (as Black, Asian and Minority Ethnic groups tend to have poorer health than those from White groups, after accounting for age differences). Given that the provision of ASC services in general promotes equity of opportunity for these groups, a decision not to use the social care precept is potentially a decision to forego a chance to promote equality of opportunity for these groups and/or a decision not to avoid a negative impact on these groups.

However, the equality impact assessment of the currently proposed ASC budget, later in this document, shows that the savings that it is proposed to make from the social care services budget are unlikely to have any significant adverse impact on any individual service user or carer and the Council will continue to meet its statutory duties on the basis of the current budget. The additional £0.685m which could be raised through the social care precept is not therefore necessary to address any significant adverse impact of the present ASC budget since no such impact has been identified. ASC's proposed budget also incorporates growth totalling £5.204m. which is assessed, below, to have positive impacts, and is achievable without the need to use the social care precept.

An additional £0.685m income could, though, be used for: (i) providing further additional discretionary ASC services; and/or (ii) meeting any non-anticipated ASC budget pressures and managing risks arising from the Covid-19 pandemic e.g., if demand for social care services is greater than expected in any area. Of those, option (i) would be capable of contributing further to the promotion of equality of opportunity for some users of ASC services and their carers. Option (ii) might also have such an effect, though if there were a shortfall in the Council's provision of services to meet its statutory duties, the Council would in any event need to find that money from reserves or savings elsewhere if there were insufficient money in the social care budget.

The Council must give due weight to these impacts when determining Council Tax and the budget for 2022/23. The Council will need to balance the impact of not using the funds raised through the Adult Social Care Precept against the wider benefits of not raising Council Tax or implementing the Adult Social Care Precept this year.

In considering this decision, the Council will also need to consider what the equalities impact would be before introducing any Adult Social Care Precept of 1%. Previous analysis[1] concluded: those who are eligible for full Local Council Tax Support ("LCTS") would not be affected:

- those who are not eligible for LCTS would bear the bulk of the increase (likely to amount to about £8.32 per year for a Band D Council Taxpayer).
- those who are eligible for partial LCTS would bear a smaller increase.

The group that will be most significantly affected by any increase in Council Tax and/or the introduction of the Adult Social Care Precept will be those with low incomes that are just above the threshold for LCTS or who qualify for partial LCTS for whom the increase will represent a larger proportion of their disposable income. No specific data is held for this group, but the profile is likely to be similar to that of those who are eligible for LCTS. Of the 14,014 LCTS claimants, approximately 61% are female (higher than the proportion of females in the borough population, which was 51.3$^{\%}$ according to the 2011 Census). Pensioners are also disproportionately represented (34% of LCTS claimants, but only 10% of Borough residents). Based on ONS data on low income groups, it is also likely that disabled residents, ethnic minority groups, women on maternity leave, single parents (who are normally women) and families with young children will be disproportionately represented in the affected group. Any children present in such households may be indirectly affected by the decrease in household income. Further, in line with social trends, there is likely to be a group of pensioners who are asset rich but cash poor who occupy some of the more expensive properties in the borough and will thus be subject to a greater negative financial impact as a proportion of their disposable income. For example, a 1% increase on a property banded at G would result in an increase of £13.87 per year.

As such, introducing the social care precept by 1% would likely have a disproportionate negative impact on older people, women, disabled people, ethnic minority groups and (indirectly) on children. The Council will need to weigh this negative impact against the potential positive impact of raising an additional £0.685m.

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[1] 2015/16 Budget

Social Care Savings Proposals

1. Continuous improvement of support - savings proposals of £0.8m

This proposal will have a positive impact on those with protected characteristics as the proposal focuses on reviewing community support and ensuring the right support is provided and building on work undertaken in this financial year.

Improvement of support will be achieved by enhancing access to the appropriate care at the right time, as well as challenging and reassessing NHS Continuing Health Care to ensure that where residents need health care it is provided by the NHS. Residents will be supported in regaining or maintaining independence by redesigning reablement services and making use of digital technology to assist in accessing our range of services. Additionally, we will procure quality, good value for money, care and support.

Finally, we will ensure engagement with residents effectively by developing a Health and Wellbeing Strategy and by continuing to co-produce our Living Independently webpage.

This proposal has various EIA characteristics:

Hospital discharge characteristics will ensure health services are provided where needed through NHS Continuing Health Care funding. This will improve the rehabilitation and reablement provided following hospital discharge, so people regain their independence as soon as possible.

Value for Money characteristics will ensure negotiation across markets.

The Health and Wellbeing Strategy and Independent Living webpage will identify and mitigate any wider inequalities and learning from Covid-19. This will be co-produced with residents.

2. Improve access to and support provided from our front door- savings proposal of £0.7m

This proposal will have a positive impact on those with protected characteristics.

We will improve access to, and support provided from our front of house by building on the success of the work of Conversation Matters (preventative support). Additionally, we will improve access to services/support and information for residents and make better use of digital technology. Through a review with NHS colleagues we will improve the hospital discharge pathway into the community. Finally, we will ensure the inclusion of specialist services in the Multi Agency Safeguarding Hub (MASH) via the co-location of agencies (the police and mental health to begin with) to respond to safeguarding concerns in a more informed and responsive way by sharing information quickly.

This proposal has the following EIA characteristics:

The Conversation Matters programme has seen early positive engagement with residents from all protected characteristics, picking areas for improvement feeding into ongoing engagement and coproduction activity.

The Council's use of digital technology to enhance independent living/widen access for residents through use of the web based digital portal alongside other channels leads to greater empowerment of residents.

Improvement of the hospital discharge pathway will help to ensure those with protected characteristics have equal access at the right time to health care.

The MASH inclusion of specialist services will improve the timely response to safeguarding concerns by all agencies involved.

The earlier involvement of occupational therapists and skilled practitioners will avoid more intensive interventions later.

Social Care investment and Covid-19

3. Demographic pressures in social care – £1.326m

The Social Care budget is under severe pressure due to an ageing population and increasingly complex needs resulting from learning disabilities and mental health issues. As people age their needs become more complex or their informal care arrangements often break down, as unpaid carers can no longer support their relatives and friends.

These demographic pressures need to be factored into Social Care service plans, as they represent a clear cost pressure that will impact on services. Whilst the numbers receiving support from the Council may not increase significantly, the cost of care packages will increase reflecting more complex needs, including supporting individual in their own homes. For Hammersmith & Fulham demographic pressures relating to the increased numbers of older and disabled people requiring Social Care are forecast to be an average of 1.79% increase over the period 2021 to 2025 which equates in monetary terms to a cumulative total of £5.558m over this period.

4. People with Learning Disabilities (LD) transitioning to adult social care - £0.411m

Additional funding is required for the LD budgets to fund the increasing number of disabled children transitioning into adult services. There are several factors causing cost pressures in LD which include:

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

- Increasing acuity of need
- As people with LD age, so does the age of parents who can no longer provide the care and support they used to, which results in increased demand for social care
- Increasing numbers of care packages/direct payments against LD budget for those not meeting LD but having assessed needs relating to their autism.

For one-year £0.411m will have to fund 11 new residents.

5. Hospital discharges - £1.824m

Patients discharged from hospital since 19 March 2020, whose discharge support package has been paid for by the NHS, will need to be assessed and moved to core NHS, social care or self-funding arrangements. Therefore, we have increasing costs and acuity as discharges made from hospital into health settings are reassessed into the social care market. The financial consequences are likely to be more significant in 2022/23 with a full year impact estimated at £1.824m.

6. Mental Health associated with Long Covid - £0.143m

Social Care is anticipating an increase in the demand for people with mental health issues from Long Covid. Studies have shown that about one in four people who experience Long Covid could develop a mental health and additional care needs. Long Covid might affect things like a person’s quality of life or ability to work.

Public Health Savings and Investment Proposals

7. Children and Families reframe and redesign of 0-19 Public Health Nursing Services- Proposed Savings £0.12m

Savings will come from better procurement of the 0-19 healthy child programme. The savings proposed are contractual, generating efficiencies without affecting health outcomes. Elements of the service are required by law and outcomes are reported and monitored by Public Heath England through the public health outcomes framework. This proposal will have a positive equalities impact.

8. Behaviour change reframe and redesign support - proposed savings £0.05m

This proposal will have a neutral impact on those with protected characteristics as health checks will continue to be provided to all residents aged 40+ years meeting the mandatory requirement for this offer.

We have good take up of health checks in the borough compared to other boroughs in London. The comparative price is the only element being reviewed following benchmarking.

9. Public Health reinvestment - proposed reinvestment £0.17m

The proposal, given the ongoing pandemic, is to reinvest all the proposed savings from Public Health into supporting residents around food poverty, health inequalities and substance misuse. This proposal will have a positive impact as the resources are re-invested back into the various services.

Children's Services Savings Proposals

10. Placement sufficiency, continuation of improved processes for Semi-Independent Living through clear pathways and improved use of in borough provision - £0.341m

A. Care Leavers' Accommodation – Semi-independent living procurement

The Care Leaver Accommodation project aim is to increase the supply of local semi-independent living accommodation for young people leaving care. The key objectives of the project are to reduce expenditure pressures within Children's Services, where placements for young people through framework or spot purchasing are significantly higher than locally commissioned provision, whilst simultaneously improving outcomes for young people through quality semi-independent living provision and closer links to family and community support networks.

This proposal will have a positive impact on groups that share protected characteristics for the following reasons:

- The strategy is to recommission, by way of a competitive procurement exercise, all semi-independent living services for young people at risk of becoming homeless, at risk of entering the care system and care leavers across Hammersmith & Fulham. A tendering process will commence which will enable the Council to ensure it is receiving best value and competitive rates for this provision.
- This decision significantly contributes towards the Council's placement sufficiency program which will enable more of our vulnerable young people to be placed locally with greater access to family and local support networks including health and education services.
- The procurement will deliver efficiencies through increasing capacity of in borough placements and therefore reduce the need to place in higher cost out of borough spot purchase placements.
- The newly commissioned services will both improve the quality of services and offer a person-centered approach leading to positive outcomes for our children and young people.

B. Careplace maximisation

This proposal relates to improved use of the Commissioning Alliance dynamic purchasing procurement systems for residential, independent fostering agency and semi-independent living placements by searching and placing through the online Careplace system where greater competition and more competitive placement rates are offered.

This proposal will have a neutral impact on groups that share protected characteristics for the following reasons:

- The proposals relate to improved use of the Careplace Placement system which is hosted by Ealing Council on behalf of the Commissioning Alliance and its membership boroughs. The system offers a range of benefits over spot purchasing or framework placements. Each placement category listed on the Careplace system are part of a dynamic purchasing procurement system which allows providers to leave or join at any point throughout the system's lifetime. The placement categories are independent fostering agencies, residential children's homes, special education needs and residential school placements.

- There is a wider selection of providers on these systems and more competitive rates. Improved use of this system will provide reassurance to wider department that providers being commissioned to look after our children have undergone a series of safeguarding and compliance checks. This will reduce the need to place with spot purchase and sometime unknown organisations.

11. Social, Emotional and Mental Health Review - joint funding arrangements with Health partners for Children and Adolescent Mental Health Services (CAMHS) for Looked After Children (LAC) - £0.092m

This relates to a proposed contribution from the Health Service with respect to the provision of Child and Adolescent Mental Health Services for Looked After Children**.**

It is believed that this proposal has a neutral impact on groups that share protected characteristics for the following reasons:

- There is no proposal to change the overall funding envelope for the service. The saving will be achieved by increasing the contribution paid by NHS organisations, while decreasing the relative portion paid for by the Local Authority.
- Overall, the service will not be negatively financially impacted, and there will not be any loss of delivery.

The service continues to have a positive impact on looked after children, and in particular those with mental health conditions.

12. Client and Placement Related Support - Improvement of processes to enable more effective and targeted interventions to support young people - £0.1m

Cost related to sections 17 and 23 support for children and families:

- Section 17 expenditure relates to supporting children and families to remain safely living together in the community. It includes support for subsistence, essential items, living costs, family support workers etc. to support children's wellbeing, keep them safe and reduce escalation of need and likely entry into care.

- Section 23 expenditure relates to supporting children looked after. This includes transport to school and appointments, contact escorts, setting up home allowances, subsistence payments etc. Transport related cost constitute the biggest spend.

Tthis proposal will have a positive impact on groups that share protected characteristics for the reasons outlined above and below:

- The proposals are in line with the business-as-usual functions of the department to safeguard and promote the welfare of children within the area who are in need; and to promote their upbringing by their families, by providing a range and level of services appropriate to those children's needs.

- The proposals will ensure that the financial or cost related support given to children and families are purposeful and meet an identified need.

An assessment will determine the need for the support identified as essential to meet the needs of the child and/or prevent the child from suffering significant harm. The assessment will consider any protected characteristics of a child and/or family to ensure that they are not negatively affected, and an allocated worker will usually be involved with the family to ensure that the support is based on assessed need and its effectiveness is reviewed. It will also ensure that families make use of community provision e.g. food banks, free nursery places to meet that need where appropriate and will ensure support and guidance regarding benefits support and accessing work.

Children's Services Investment Proposals

13. Investment in Fostering and Adoption Services - £0.345m

- Shared Services Fostering Recharge – Investment following activity-based review within the Shared Service
- West London Regional Adoption – Investment following activity-based review within the agreement

This proposal will have a neutral impact on groups that share protected characteristics for the following reasons:

- In 2022/23 growth has been requested to manage activity and demand led pressures in front line service provision within the shared fostering and regional adoption services. This budget growth is to manage activity led workloads and not as a result of any proposed service change.

- Increased local provision will benefit young people in Hammersmith & Fulham to be placed in quality foster carers and more locally.

- With respect to adoption, this will enable us to recruit an increased and diverse pool of skilled adopters to meet the varied needs of children. This will also enable us to improve the quality and timeliness of permanence arrangements for young people.

14. Investment in Travel Care & Support - £0.169m

Budget growth is requested to reflect the increased demand of children and young people accessing travel assistance services.

Officers have assessed that the proposed budget growth will have a positive impact on protected groups, allowing the Council to respond to growing demands and meet its obligations under published travel care policies.

Environment Savings Proposals

15. Improved resident experience and access through increased use of technology - £0.417m

This saving will be delivered by the Resident Experience and Access Programme (REAP); a programme that will transform the way residents interact with the Council by centralising customer contact and maximising our use of technology. REAP will ensure all services are fully accessible via digital channels and introduce efficient processes. This means greater efficiency and vital financial savings are possible.

This proposal has a neutral equalities impact. Additional equality impact assessments will be undertaken for REAP programmes/projects to ascertain the potential impact on groups that share protected characteristics and to ensure services are accessible and do not digitally exclude any groups.

16. Review of Environment workforce - £0.5m

A review of the Environment workforce and rationalisation of posts is expected to reduce staffing costs. This saving will be delivered through a combination of recruitment freeze and structural changes. The resulting changes to the workforce will not impact frontline services.

This proposal has a neutral equalities impact. An equality impact assessment will be undertaken as part of any staff structural changes

17. Review of commercial charges - £0.2m

This saving will be delivered through a review of commercial income across the Environment department. Charges do not vary according to any particular group with protected characteristics.

This proposal has a neutral equalities impact.

18. Increased Leisure Contract Income - £0.067m

This is a year on year increase of an existing saving carried forward from 2019/20 (cumulative budgetary saving of £500,000 to 2022/23).

The current leisure contract has secured better income terms following Council investment in improved facilities at Lillie Road Fitness Centre and Phoenix Leisure Centre. This is expected to increase use of the facilities and therefore increase the amount of income able to be generated by the contractor (of which the Council gets a share). These facilities are public leisure facilities, available for all to use (charged for at the point of use). As such, there is a neutral impact on those with protected characteristics.

This proposal has a neutral equalities impact.

Environment Investment and Covid-19 Recovery

19. Reducing Violence Against Women and Girls - £0.1m

This is increased investment in reducing violence against women and girls. This will have a positive impact on victims of such crime. It does impact on groups that share protected characteristics (mainly gender) and therefore has a positive equalities impact.

20. Ending Modern Slavery and Exploitation - £0.085m

This is increased investment in ending modern slavery and exploitation. This will have a positive impact on victims of such crime. It does impact on groups that share protected characteristics (mainly race) and therefore has a positive equalities impact.

21. Building Control Income - £0.05m

This is the alignment of budgets with actual demand for the statutory and chargeable parts of the service. Building Control is a chargeable service, available for all to use (charged for at the point of use). As such, there is a neutral impact on those with protected characteristics.

22. Public Realm Community Safety Improvements - £0.06m

This is increased investment to redesign public realm areas to reduce the potential for crime. This will have a positive impact on victims of crime as well as on groups that share protected characteristics such as disability, age, gender and pregnancy and maternity.

23. Highways Flood Management - £0.175m

This is increased investment in flood mitigation measures. This will have a positive impact on those affected by flooding in the borough and groups that share protected characteristics, in particular those living in disadvantaged areas.

24. Highways Winter Maintenance - £0.1m

This is the alignment of budgets with the actual cost of highways winter maintenance. This will allow for the continuation of existing maintenance and continue to have a positive impact on the public realm for all, but it does not impact any particular group with protected characteristics and therefore has a neutral equalities impact.

25. Waste Processing Costs - £0.06m

This is increased spend on the processing of household recyclate, due to increased processing costs. This service is provided to all residents. It does not impact any particular group with protected characteristics and therefore has a neutral equalities impact.

26. Covid Related Income Losses - £0.248m

This is to temporarily reduce income budgets for those commercial services most adversely affected by the ongoing Covid-19 pandemic. This does not affect the services provided or their fees and charges. The proposal has a neutral equalities impact.

The Economy Savings Proposals

27. Consolidation of management and workforce and reduction in the use of agency staff (Housing Solutions) - £0.2m

This proposal and subsequent restructure will reduce agency staff and enable overall staffing. This is the final year of a phased three-year savings delivery programme. The proposal has a neutral equalities impact.

28. Review of Section 106 funding of Economic Development workforce costs - £0.035m

This proposal relates to a change in the funding source for part of the Assistant Director post from General Fund to Section 106 in accordance with the duties carried out by this post. The proposal has a neutral equalities impact.

The Economy Investment and Covid recovery

29. Planning Fee Income - £0.35m

Funding is provided to offset an underlying shortfall in forecast planning income. This proposal has a neutral equalities impact.

30. Planning Fee Income – Covid-19 Impact - £0.3m

Funding is provided to offset the potential loss of income arising from the Covid-19 pandemic and economic downturn. This proposal has a neutral equalities impact.

Corporate savings and change proposals

31. Digital Services contracts review £0.45m

The proposals focus on realising efficiencies related to back office staff and functions. Savings will be delivered through the migration of infrastructure services to cloud hosting platforms (£300k) and the re-procurement of the printing contract in line with the new ways of working and corporate accommodation strategy (£150k).

It is believed that this proposal has a neutral impact on those with protected characteristics as the proposal focuses on managing and procuring contracts more effectively and efficiencies relating to back office staff and functions. As such there is a neutral impact for any groups, residents and/or employees alike, who share protected characteristics.

32. Balance Sheet Review £0.45m

The saving will be delivered as a result of managing debt management costs and working capital neither of which directly impacts any specific services used by residents. It is expected that there will be a neutral impact on residents and employees as a result of this saving.

33. Workforce Effectiveness and Efficiency £0.329m

Savings will be secured using vacancies arising from staff turnover - with some posts being deleted whilst others are replaced with lower graded posts. There will not be any compulsory redundancies.

Where there are staff changes leading to savings, Equality Impact Assessments are carried out as part of the reorganisation process.

The proposal has a neutral equalities impact.

Corporate Investment and Covid Recovery

34. Digital Advertising Income £0.09m

This proposal relates to income receivable by the Council and has a neutral equalities impact

35. Remote Working Support Costs £0.035m

The investment requested reflects increased demand for laptop devices across the Council since February 2019, and the associated increase in 3rd party support costs for the incremental increase in devices.

It is expected that there will be a neutral equalities impact on residents and employees as a result.

36. Boundary Commission Review £0.036m

This proposal has a positive impact on those with protected characteristics as improving electoral equality by equalising the number of electors that each councillor represents; ensuring that the recommendations reflect community identity and providing arrangements that support effective and convenient local government.

37. Workforce – additional support costs £0.05m

This is a minor budget realignment that will have a neutral equalities impact on residents and employees.

38. Recovery from global advertising slow down £0.130m

This proposal relates to income receivable by the Council and has a neutral equalities impact.

Summary on impact on the budget

Social Care & Public Health

The 2022/23 proposals are detailed in this report. The proposals generally centre around promoting independence and early intervention. These will be achieved without any anticipated adverse impact on people who use the services. All of the proposals therefore have a neutral and/or positive equalities impact.

Children's Services

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

The requests for growth funding are primarily to align budgets with the demand led growth in numbers that services are experiencing. These proposals will ensure that we continue to achieve a positive equalities impact for these children and young people.

Economy

Key elements of the savings proposals from this department are associated with the reduction in use of agency staff, review of section 106 funding of Economic Development workforce costs. These proposals are expected to result in a neutral equalities impact.

Environment

Savings will be realised through increased use of technology, workforce review, and review of commercial charges. These proposals are expected to result in a neutral equalities impact.

Corporate

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

Conclusion

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

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

As proposals are developed further, the assessment will be built upon, and the impact will be assessed further. Mitigating actions will be identified and implemented, to prevent negative impacts on groups that share protected characteristics.

Appendix H

The Business Rates Retention Scheme for Hammersmith and Fulham

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

		2022/23 £m
Step 1	**Business rates baseline** Notification from the government of the business Rates they expect Hammersmith & Fulham to collect	78.713
Step 2	**Tariff** Payable to government	(16.299)
Step 3	**Funding baseline** The income from business rates that government modelling assumes Hammersmith & Fulham will retain	61.857
Step 4	**Actual Hammersmith & Fulham forecast of business rates income** This will be updated when the NNDR1 Return is completed. Due to the impact of appeals and Covid-19 it is assumed it will match the safety net threshold. If the forecast falls below the threshold then compensating safety net grant will be receivable from government.	TBC
Step 5	**Safety net threshold** The safety net threshold is set at 92.5% of the funding baseline and is the minimum amount of funding guaranteed by government.	57.217
Step 6	**Safety net compensation** Sum receivable by Hammersmith & Fulham to bring it to the safety net threshold (Step 5 less step 4).	TBC

The London Borough of Hammersmith & Fulham share of business rates income included in the 2022/23 budget is £57.217m. This is the minimum sum guaranteed by the safety net threshold. This is £4.640m lower than the funding baseline (step 3) assumed by the government.

Appendix I

Spending Power calculation

The provisional 2022/23 local government finance settlement (LGFS)

1. The provisional LGFS 2022/23 was published on 17 December 2021. As part of the settlement the government calculate how much they think local authority spending power has increased.
2. The Hammersmith & Fulham figures that are included in the government spending power calculation are set out in Table 1. As well as government funding this includes their assumption on what local authorities will collect through council tax and business rates.

Table 1 – Government core spending power calculation

Funding within core spending power	2021/22 £000s	2022/23 £000s
General Grants		
Revenue support grant	17,506	18,046
New homes bonus grant	5,274	2,750
Social care support grant	7,994	10,717
Multiplier cap compensation	3,223	5,082
Market sustainability and fair cost of care	0	620
Lower tier support services grant	872	919
Services grant	0	4,264
Earmarked Grants		
Improved better care fund	9,732	10,026
Total	**44,601**	**52,424**
Government assumed council tax (based on 3% increase including 1% adult social care precept)	67,330	70,462
Assumed business rates	61,855	61,855
Total	**173,786**	**184,741**
% increase		6.3%

2 The figures set out in Table 2 show that the Hammersmith & Fulham increase is below the London and national average increase.

Table 2 – Government spending power calculation

	2021/22	2022/23
Hammersmith & Fulham	+4%	+6.3%
London average[1]	+4.3%	+6.7%
National average	+4.5%	+6.9%

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[1] Estimated figure from the Local Government Association.

5. The government spending power calculation:
   - takes no account new funding burdens (the market sustainability and fair cost of care grant)
   - assumes that authorities will increase council tax by 2% and levy the adult social care precept at 1%.
   - assumes that authorities will collect business rates in line with their funding baseline.[2] Due to the impact of rate appeals the sum receivable by Hammersmith & Fulham may be £4.6m[3] lower.

6 As set out in Table 3 when account is taken of the above factors the local spending power increase for Hammersmith & Fulham is estimated at £3.7m (2.1%). This compares to inflationary pressures of £10m.

Table 3 – Hammersmith & Fulham spending power calculation

	£m
Government Spending Power calculation 2021/22	**173.8**
Government Spending Power calculation 2022/23	**184.8**
Less:	
Business rates below funding baseline	(4.6)
New burdens	(0.6)
Assumed council tax increase of 3%	(2.1)
Adjusted Hammersmith & Fulham spending power calculation 2022/23	**177.5**
Adjusted 2022/23 increase	**2.1%**

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

[3] Subject to completion of the 2022/23 NNDR1 business rates return in January 2022.

APPENDIX J

2022 RESERVES STRATEGY AND ACTION PLAN

Summary

The Council faces a continued financial challenge due to the impact of the Coronavirus (Covid-19) pandemic, on-going demand and demographic pressures and uncertainty regarding future government policy and funding. Supply constraints, driven by Covid and Brexit, have also led to increased inflationary risk. Continued action is required to ensure that reserves remain adequate to meet the pressures facing the Council over the medium term and deal with future unexpected events.

The reserves strategy acknowledges the challenges facing the Council. It is supported by an action plan that proposes measures which improve the medium-term outlook. The measures taken since the action plan was approved in 2019/20 have already improved the reserves forecast by £27.6m.

Hammersmith & Fulham will carry forward a budgeted general balance of £20.4m and earmarked reserves (excluding Covid-19 funding and developer contributions) of £74.1m at the start of 2021/22. Based on the most recent comparative data (the start of 2020/21) the Council's reserves are slightly above average, as a percentage of net revenue expenditure, for a London Borough.

The Council is already committed to use reserves to fund several major initiatives and priorities. It also faces significant current and future financial pressures and risks and potential costs of future service improvements.

Detailed analysis

1. Reserves play a crucial role in good public financial management. They enable investment in service transformation and provide resilience against unexpected events or emergent needs. As one-off resources they can only be spent once.

2. Hammersmith & Fulham holds reserves for two main purposes:.
   - As a contingency to cushion the impact of unexpected events or emergencies – this forms part of general balances. The lack of an appropriate safety net has resulted in several councils, including Bexley, Croydon and Northamptonshire, running into financial difficulties.
   - To build up funds for known or predicted requirements; these specific reserves are known as earmarked reserves.

3. For 2021/22 Hammersmith and Fulham carried forward General Fund reserves and balances of £190.8m. The split, and trend since 2017/18 is set out in Table 1.

Table 1 – The general balance and earmarked reserves 2017/18 to 2021/22

	Opening balance 2017/18 £m	Opening balance 2018/19 £m	Opening balance 2019/20 £m	Opening Balance 2020/21 £m	Opening Balance 2021/22 £m
General balance	19.0	19.0	19.0	19.0	19.3
Earmarked reserves	79.1	89.6	55.5	38.3	74.1
Sub-total	**98.1**	**108.6**	**74.5**	**57.3**	**93.4**
Covid-19 related	0	0	0	6.2	51.4
Total	**98.1**	**108.6**	**74.5**	**63.6**	**144.8**
Developer Contributions	3.8	5.3	6.5	16.4	46.0
Grand total	**101.9**	**113.9**	**81.0**	**80.0**	**190.8**

4. The level of reserves increased significantly in 2020/21. In part this related to the carry forward of £51.4m regarding the financial impact of Covid-19. The majority of this is not available for the Council to spend. It is required to fund existing liabilities regarding the timing of collection fund impacts relating to business rates reliefs (£41m) and business grants (£3.9m). The reserves include, in line with accounting practice, £46.0m relating to developer contributions. The use, and monitoring of such contributions, is subject to a separate approval and monitoring process which ensure the conditions within the relevant s106 legal agreements and Community Infrastructure Levy requirements are met.

5. A comparison between Hammersmith & Fulham and the London borough average, based on the most recent data (the start of 2020/21), is set out in Table 2. The final row of the table (General fund and non-schools earmarked general fund reserves as a percentage of service revenue expenditure (%)) is the more illuminating, as it takes into account the Council's smaller size compared to most other London boroughs.

Table 2 – Comparison to other London Boroughs as at 31 March 2020

Measure	Hammersmith & Fulham	Average for London Boroughs	Ranking relative to other London Boroughs (/32)
Total general fund and non-schools earmarked general fund reserves	£79.9m	£107.7m	19
General fund and non-schools earmarked general fund reserves as a percentage of service revenue expenditure (%)	29%	25%	8

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

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

7. The Council has put in place a reserves strategy to ensure effective oversight regarding the level and use of reserves and has established an action plan to maintain reserves at an appropriate level. This has included significant contributions to reserves in the 2021/22 budget and the proposed 2022/23 budget.

RESERVES STRATEGY

8 The Council’s reserves strategy is based on the following key principles:

- General Balances are reviewed annually as part of the Council Tax and Budget report.
- Those reserves no longer required for their intended purpose are identified and made available for other defined priorities.
- The level of reserves and forecast should be re-assessed every 6 months to ensure their adequacy.
- The risk assumptions to be reviewed every 6 months.
- A long-term view will be used when assessing the use of reserves to ensure that existing commitments and agreed priorities can be delivered.
- Being ‘ruthlessly financial efficient’ will underpin any request for use of reserves. Internal bids for one-off funding will be peer challenged and clear business cases presented so that using reserves is agreed in exceptional cases. The ‘one-off nature’ and funding solution/ outcome will be rigorously assessed during the funding term and at the end of life. Use of reserves will only be progressed once agreed with the Director of Finance, the Chief Executive and the Cabinet Member for Finance and Commercial Services.
- Reserves can only be used once and the required future service transformation is significant given the expected future financial challenges. In accordance with proper accounting practice, and subject to affordability, the draw down from reserves will be minimised through consideration of government provisions for the flexible use of capital receipts, securing an appropriate contribution from partners and non-General Fund services, revenue contributions and regular balance sheet review.
- When the Council is in receipt of one-off and non-recurrent resources it should aim to utilise them to replenish and top-up reserves. An additional contribution of one-off sums of £1.1m was agreed as part of the 2021/22 budget**.**
- The reserves strategy is supported by an action plan, that is updated regularly, that aims to ensure the adequacy of reserves over the medium-term.

Planned use of reserves

General balances

9. Under Section 25 of the Local Government Act 2003, the Director of Finance is required to include, in budget reports, her view on the adequacy of Council’s balances and reserves.

10. General balances cover unforeseen financial risks and provide cover for unexpected or unavoidable additional costs. 2021 Budget Council agreed that the medium-term recommended range for general balances is between £19m and £25m. For 2021/22 the budgeted general balance is £20.4m, an increase of £1.4m since 2019/20. As part of the 2022/23 budget it is proposed that the general balance increase by £0.6m to £21m.

11. Whilst use of the general balance can be part of a plan to ease future budget reductions, and to allow longer term savings to come to fruition, it is not a prudent use to draw down from the general balance with no clear plan on how any future budget gap will be bridged. Should general balances be anticipated to fall below the recommended range then concerns may arise regarding the Council's financial resilience and sustainability.

Earmarked reserves

11. Earmarked reserves are held for several purposes:
    - sums set aside for major schemes, such as the decant from the Town Hall as part of the Civic Campus programme
    - insurance reserves
    - service transformation
    - to meet one-off pressures
    - unspent revenue grants, held for specific purposes.

12. Some earmarked reserves have restrictions placed on their use. For example, reserves relating to unspent revenue grants may have conditions attached. The main restricted reserves for Hammersmith & Fulham are set out in Table 3. The need for restricted reserves is reviewed annually to ensure they are still required for their intended purpose

Table 3 – Restricted and earmarked reserves

	Opening balance 2021/22 £m
Covid-19 grant funding	51.4
Revenue grants	4.5
Insurance fund	5.9
Restricted reserves excluding developer contributions	**61.8**
Developer contributions (Section 106 and Community Infrastructure Levy)	46.0
Restricted reserves including developer contributions	**107.8**
Other earmarked reserves (unrestricted)	63.7
Total earmarked reserves	**171.5**

Unrestricted earmarked reserves

13. As set out in Table 3 the level of unrestricted earmarked reserves carried forward at the start of 2021/22 was £63.7m. In accordance with the reserves strategy the intended purpose, and level of such reserves has been reviewed. The proposed balances carried forward are summarised in Table 4 with further detail provided in Appendix 1.

Table 4 – Proposed earmarked reserves (unrestricted) as at 1 April 2021

	£m
Corporate demands and pressures	31.1
Dedicated schools grant support	16.7
Civic Campus	3.4
IT enabling fund	3.0
Efficiency projects reserve	1.7
Unallocated contingency (prior year commitments)	1.4
IBC development	1.1
Other	5.3
Total earmarked reserves	**63.7**

14. An earmarked reserve of £16.7m is held regarding the cumulative Dedicated Schools Grant (DSG) high needs deficit. This is £3.1m lower than the previous year. The deficit is expected to reduce further in future years following the Council securing additional government funding and continuing to manage its DSG recovery plan. As the deficit reduces as grant is received, resources will be freed up for transfer to the corporate demands and pressures reserve.

15. Appendix 1 summarises the current forecast draw downs from, and planned contributions to, earmarked reserves. The major commitments include:

- £4m of investment in the **resident experience and access programme (REAP**). This is planned to drive transformation, improved access, reliability and quality across all front-line services. The programme would resolve the low level of digital access that residents of the borough currently experienced, ensuring digital inclusion and choice.
- Continued investment of £9.6m in the **Civic Campus programme** (following prior year investment of £20.1m). The total approved use of reserves is £36.7m of which the latest estimate is that £29.7m will be drawn down. The business plan models a future profit share of £11.1m from the Joint Venture and section 106 contributions of £5.9m.
- £3.1m of further investment to undertake an area-based prototypes for an **alternative waste collection schemes** and for contract procurement of a new waste, recycling and street cleansing contract. Prototype collection schemes relating to, for example, separate food waste collection and wheeled bin containers need to be carried out to inform the Council's requirements for the services going forward. In Hammersmith & Fulham a 1% shift from general waste to recycling equates to a saving of approximately £70,000 per year in waste disposal fees.

Reserves adequacy and future risk / priorities

16. A reserves cashflow forecast has been undertaken. This is detailed in Appendix K. The forecast is for financial modelling purposes and significant uncertainty remains regarding the timing of expenditure and income flows. The forecast excludes any movement in developer contributions. Allowance is made for the 2021/22 forecast budget underspend (reported in Corporate Revenue Monitor month 6) of £4.7m. A further contribution of £2.1m is also proposed as part of the 2022/23 budget.

Table 5 – Cash flow (general balances, earmarked and restricted reserves)

	2021/22 £m	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**
Opening balance	**144.8**	**93.1**	**85.0**	**84.4**
Forecast movement (largely due to timing of Covid payments)	(56.4)	(10.2)	(0.6)	12.6
2021/22 forecast budget underspend (month 6)	4.7	0	0	0
Budgeted 2022/23 contributions	0	2.1	0	0
Closing balance	**93.1**	**85.0**	**84.4**	**97.0**
Developer contributions	46.0			

17. The Council faces several potential risks whilst indicative plans for further service transformation highlight possible further calls on reserves. Such risks include:

- Covid-19 recovery and addressing pent-up demand
- Discussion are on-going regarding the future of Hammersmith Bridge and the Council is incurring revenue and capital costs at risk until government funding is confirmed
- An upturn in inflation post Brexit and Covid-19
- Cuts to government funding and the impact on London of the‘levelling-up’ agenda
- The impact of, and tackling, climate change
- Any write-off of pre-development costs should it not be possible to take forward planned capital schemes - the updated reserves strategy incorporates an earmarked reserve of £5m as mitigation against this risk.

18. **The future risks forecast highlights that action continues to be required to ensure that reserves remain adequate over the medium-term.** The current action plan is set out in Table 6. The actions delivered to date are estimated to have already benefited the reserves forecast by £27.6m. Further opportunities will continue to be taken forward.

Table 6 – Reserves action plan

Ref	Action	Actions taken to date	Potential further opportunity
1	Relocate back to the new Town Hall Civic Campus at the earliest opportunity and capitalisation of appropriate programme costs (£1.5m to date).	£1.5m	£5.5m
2	New ways of working following the learning from the Covid-19 pandemic may enable additional Civic Campus decant and other accommodation savings to be made.		On-going
3	Manage in-year council spend within budget to enable additional contributions to reserves. The future opportunity reflects the current forecast 2021/22 underspend at month 6.	£7.2m	£4.7m
4	Prepare and consider a programme of asset disposals to deliver capital receipts to fund invest to save and IT investment costs through the flexible use of capital receipts. The regulations require expenditure to be incurred by the end of 2024/25 and £5.8m of receipts are forecast within the capital programme.	£3.6m	£5.8m
5	Review of future requests to use reserves, such as the Resident Access and Experience Programme, to identify potential capitalisation opportunities. £0.2m of column replacement costs were capitalised in 2019/20 to protect revenue reserves.	£0.2m	On-going
8	Ensure all Council budgets (such as the Housing Revenue Account/ Pension Fund) and partners pay a fair share of costs falling on reserves. The actions taken to date include an HRA contribution to the Civic Campus.	£1.2m	On-going
9	Peer challenge by the Chief Executive and Director of Finance of all existing commitments.		On-going
10	Review of existing commitments. For example, following the exit from the previous facilities management contract a provision of £2.5m was set aside which is no longer required.	£2.5m	On-going

Ref	Action	Actions taken to date	Potential further opportunity
11	Balance sheet review to establish if further reserves can be freed up. As part of the 2020/21 budget process £3.4m of historic council tax adjustments were identified as available for release. A separate exercise has been undertaken that released £3m of historic business rates adjustments to the Council's Collection Fund. By preventing a deficit arising on the Collection Fund a potential future call on reserves has been avoided.	£3.4m	On-going
12	Release the dedicted schools grant (DSG) support reserve in line with the DSG recovery plan.	£3.1m	£16.7m
13	Review external funding opportunities and developer contributions.		On-going
14	Assess the IT funding requirement over the medium-term.		On-going
15	Review the purpose for which all reserves are held on a twice-yearly basis, including those that are restricted, to ensure they are required for their intended purpose. Actions taken included above.		On-going
16	Consider additional contributions to reserves as part of annual revenue budget setting process. The 2022/23 budget includes new contributions of £2.1m.	£4.9m	£2.1m
	Total	**£27.6m**	**£34.8m**

Reserves - Cash Flow

			Forecast movement					
		Balance 31/3/21 £000s	**2021/22 £000s**	**2022/23 £000s**	**2023/24 £000s**	**2024/25 £000s**	**Balance 31/3/25 £000s**	Comments
General balances	Contributions	**19,305**	1,100	0	0	0	**20,405**	2021/22 budgeted contribution of £1.1m.
	Drawdowns		0	0	0	0		
Earmarked reserves								
Civic Campus	Contributions	**3,434**	6,215			11,100	**11,100**	Contribution is a transfer from corporate demands and pressures. Updated sum required is £29.7m with £20.051m charged to prior years. Future contribution £11.1m re Joint Venture profit share. £5.9m section 106 receipts also receivable.
	Drawdowns		-7,700	-1,949				
Contribution to local elections	Contributions	**342**	75	75	75	75	**242**	Budgeted contributions of £0.075m per annum. £0.400m drawdown modelled for 2022/23 to fund the local election.
	Drawdowns			-400				
Efficiency Projects Reserve	Contributions	**1,731**	750	750	750	750	**3,108**	Budgeted contributions of £0.750m per annum. Current commitments are £3.858m (REAP) less use of capital receipts of £2.235m. Balance includes £0.5m contribution to REAP development made in 2020/21.
	Drawdowns		-1,623	0	0	0		
IBC Development	Contributions	**1,128**	0	0	0	0	**1,128**	
	Drawdowns		0	0	0	0		
IT Enabling Fund	Contributions	**3,045**	1,110	800	800	800	**4,580**	Budgeted contributions are £0.800m per annum & £0.310m retained profit of the H&F Bridge Partnership in 2021/22. Existing commitments £0.095m and £0.080 for desk booking system. Potential drawdown of £1.8m for the cloud strategy (to deliver MTFS saving).
	Drawdowns		-175	-1,800				
Unallocated contingency	Contributions	**1,362**	0	0	0	0	**646**	Commitments of £0.715m (mainly) Hammersmith Bridge.
	Drawdowns		-716	0	0	0		
Property Reserve	Contributions	**650**	0	0	0	0	**200**	Potential drawdown to support the revenue costs of future regeneration and development projects.
	Drawdowns		0	-150	-150	-150		
Climate change	Contributions	**750**	0	0	0	0	**0**	Reserve yet to be fully committed but anticipated to be fully utilised.
	Drawdowns		-500	-250	0	0		
Legal	Contributions	**600**	0	0	0	0	**600**	
	Drawdowns		0	0	0	0		
Workforce	Contributions	**150**	0	0	0	0	**150**	
	Drawdowns		0	0	0	0		
Corporate demands and pressures	Contributions	**31,090**	1,827	0	0	0	**18,368**	Commitments include £3.072m for waste procurement and collection prototype. In addition, transfer of £6.215m to Civic Campus reserve and £5m to development risk. Contribution relates to the modelled reduction in the DSG deficit reserve in 2021/22.
	Drawdowns		-14,549	0	0	0		
Pre-development costs	Contributions	**0**	5,000	0	0	0	**5,000**	New reserve held as mitigation against development risk.
	Drawdowns		0	0	0	0		
Schools' regeneration	Contributions	**19**	0	0	0	0	**19**	
	Drawdowns		0	0	0	0		
Controlled parking	Contributions	**476**	0	0	0	0	**476**	
	Drawdowns		0	0	0	0		
Linford Christie	Contributions	**7**	0	0	0	0	**7**	
	Drawdowns		0	0	0	0		
Parks	Contributions	**538**	0	0	0	0	**538**	
	Drawdowns		0	0	0	0		
Dedicated Schools Grant support	Contributions	**16,679**					**14,852**	Reduction in DSG deficit reserve, as forecast in CRM 6. Modelled as a transfer to the corporate and demands pressure reserve. Future transfers subject to delivery of the DSG deficit reduction plan and will be reviewed annually.
	Drawdowns		-1,827					
Temporary Accommodation	Contributions	**450**	0	0	0	0	**0**	Potential use to fund cost avoidance measures
	Drawdowns		0	-450	0	0		
Learning disabilities - Individual Service contract	Contributions	**391**	0	0	0	0	**0**	Drawdown subject to agreement. Could be 2021/22 or the next financial year. For modelling purposes assumed next year.
	Drawdowns		0	-391	0	0		
Supporting people	Contributions	**600**	0	0	0	0	**0**	Drawdowns anticipated but subject to approval
	Drawdowns		-300	-300	0	0		
Centre for systematic social work	Contributions	**185**	0	0	0	0	**0**	
	Drawdowns		-185	0	0	0		
High Speed 2	Contributions	**59**	0	0	0	0	**59**	
	Drawdowns		0	0	0	0		
Total		**63,686**	**-12,598**	**-4,065**	**1,475**	**12,575**	**61,073**	
Covid								
Covid-19	Contributions	**51,365**	0	1,347	0	0	**0**	Net business rates drawdown of £39.438m. Business grants of £3.900m payable in 2021/22. Council tax deficit of £1.1m spread over 3 years. Balance spent in 2022/23 and 2023/24.
	Drawdowns		-44,100	-6,498	-2,114	0		
Restricted								
Troubled families grant	Contributions	**829**	0	0	0	0	**0**	Draw downs are latest estimate.
	Drawdowns		-371	-458	0	0		
Dedicated Schools Grant - schools and early years block	Contributions	**2,173**					**2,173**	
	Drawdowns							
Partners in practice	Contributions	**957**	0	0	0	0	**0**	£0.465m budgeted to be drawn down in 2021/22
	Drawdowns		-465	-492	0	0		
Barclays sports grant	Contributions	**29**	0	0	0	0	**29**	
	Drawdowns		0	0	0	0		
Sullivan service charges	Contributions	**5**	0	0	0	0	**5**	
	Drawdowns		0	0	0	0		
Fulham Palace	Contributions	**184**	0	0	0	0	**184**	
	Drawdowns		0	0	0	0		
Lead Flood authority	Contributions	**170**	0	0	0	0	**170**	
	Drawdowns		0	0	0	0		
Insurance Fund	Contributions	**5,937**	0	0	0	0	**5,937**	
	Drawdowns		0	0	0	0		
Misc. grants	Contributions	**101**	0	0	0	0	**101**	
	Drawdowns		0	0	0	0		
LAA Waste grant	Contributions	**53**	0	0	0	0	**53**	
	Drawdowns		0	0	0	0		
Total		**10,438**	**-836**	**-950**	**0**	**0**	**8,652**	
2021/22 forecast underspend							**4,698**	
2022/23 budget contribution							**2,106**	
Total All		**144,794**	**- 56,434**	**- 10,166**	**- 639**	**12,575**	**96,934**	

Reserves and balances (excluding developer contributions)

Opening	**144,794**	**93,058**	**84,998**	**84,359**
Movement	- 56,434	- 10,166	- 639	12,575
In-year underspend	4,698			
2022/23 budget		2,106		
Year End	**93,058**	**84,998**	**84,359**	**96,934**
Developer Contributions	**46,050**	**46,050**	**46,050**	**46,050**

London Borough of Hammersmith & Fulham

Report to: **Audit Committee**

Date: **14 December 2021**

Subject: **External Audit appointment 2023-28**

Responsible Director: **Emily Hill, Director of Finance**

SUMMARY

Under the Local Audit and Accountability Act 2014 the Council must make arrangements for the appointment of external auditors for the Council's accounts (including pension fund). The Council will soon need to decide as to appointment of auditors for the period 2023-28.

This report, for noting and for comment, provides detailed background to the appointment process and sets out the options for making such an appointment.

Under the legislation, the decision to appoint the external auditor must be taken by Full Council and this is anticipated to take place in February 2022. It is provisionally recommended that the Council opt-in to the sector-led 'appointing person' regime operated by Public Sector Audit Appointments (PSAA).

RECOMMENDATIONS

This report is for noting and for comment.

Wards Affected: All

Our Priorities	Summary of how this report aligns to the H&F Priorities
Being ruthlessly financially efficient	The external audit provides assurance to internal and stakeholders about the financial arrangements of the Council and the value for money achieved.

Financial Impact

The cost of external audit will be met from existing budgets. A breakdown of costs in recent years is as follows:

	2020/21*	2019/20	2018/19
	£'000	£'000	£'000
Main Audit	195	191	140
Pension Fund	26	36	16

**Currently subject to audit*

Legal Implications

Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires the Council to appoint a local auditor to audit its accounts by 31 December in the preceding year for a maximum period of five years.

The procedure for appointment of a local auditor is set out in Section 8 of the Act and requires the Council to consult and take account of the advice of its auditor panel on the selection and appointment of the auditor.

If the Council fails to appoint a local auditor, under section 12 of the Act, the Council must immediately inform the Secretary of State, who may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.

Section 17 of the Act gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 and gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person. This report proposes that the Council opts in to the sector-led 'appointing person' regime.

As the Council operates executive arrangements, under section 8 of the Act, the correct decision maker is Full Council.

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Background Papers Used in Preparing This Report

None

BACKGROUND

1. From 1983 to 2015 the Audit Commission was responsible for Local Authority external audit arrangements in England. From 1 April 2015, under the Local Audit and Accountability Act 2014 (the Act), local public bodies in England have been required to appoint their own external auditors and, following some transitional arrangements, the current system came into full effect in 2018/19.

2. Under the legislation, authorities can make an appointment via “an appointing person” to act as a joint procurement body for local audit. The government have appointed Public Sector Audit Appointments (PSAA) for this purpose. PSAA is a subsidiary company of the Local Government Association (LGA) and its role as appointing person for opted-in bodies is to:
    - appoint auditors to local public bodies, including councils, police and crime commissioners, chief constables, fire and rescue authorities and other relevant principal local government bodies;
    - set scales of fees, and charging fees, for the audit of the accounts and relevant bodies;
    - oversee of the delivery of audit services to opted-in bodies; and
    - manage contracts with audit firms.

3. In 2017, following a decision by Full Council, the Council opted into the PSAA arrangements for the period 2018-23. The Council’s auditor under these arrangements is Grant Thornton UK LLP, one of the nine accredited local audit firms. In total, 98% of relevant local bodies (all but 10), opted in to the PSAA arrangements for the period 2018-23.

4. Authorities who choose to make their own arrangements (i.e. those who do not opt-in to the appointing person arrangements) must undertake the following:
    - procurement and contract management functions as otherwise provided by the appointing person
    - establishment of an Independent Auditor Panel - this panel must have at least three members, a majority of whom must be independent and one of whom must chair the panel.

5. It has been confirmed that PSAA will continue as the appointing person for the period after 2023. On 22 September 2021 PSAA invited all eligible bodies to become opted-in authorities for the period 2023/24 to 2027/28 (the compulsory appointing period).

6. A decision to become an opted-in authority must be taken by the members of an authority meeting as a whole which in the Council’s case would be a meeting of Full Council. The deadline to opt-in for the period 2023-28 is Friday 11 March 2022.

7. During the present contract period there have been some significant issues affecting local government audit as follows:

- increased scrutiny following a number of high-profile corporate failures and the ongoing financial challenges faced by many local authorities;
- the introduction of additional oversight and monitoring of audits of significant local public bodies by the Financial Reporting Council;
- resources are considered significantly stretched and the recent 'Redmond Review' has pointed to a 'broken market';
- local audit opinions have been delayed in past few years, some significantly so; and
- additional work has now meant additional fees are needed.

OPTIONS AND ANALYSIS OF OPTIONS

8. Below are the options, including a provisional recommended option, to be put forward to Full Council for decision.

9. There are three viable options for appointing auditors pursuant to the Act:
   - Option 1 – Opt-in to PSAA arrangements for the years 2023-28 (recommended)
   - Option 2 – Local procurement and standalone appointment
   - Option 3 – Local consortium arrangements

   A 'do nothing' option is not viable as the Council must, under the Local Audit and Accountability Act 2014, make arrangements for the audit of its accounts annually and existing arrangements expire in 2023.

Option 1 - Opt-in to PSAA arrangements for the years 2023-28 (recommended)

10. As per the engagement for the period 2018-23 the Council would opt-in to PSAA arrangements; the PSAA would then undertake market engagement and procurement and appoint an auditor on the Council's behalf.

11. The proposed contract duration is five years, with an option to extend for a further one or two years with supplier agreement using a single tender, restricted procedure. A dynamic purchasing system will be run in parallel to provide an option for some or all subsequent auditor appointments and there will be between seven and ten contract lots; sizes to be determined but the largest being c20 to 25% of the market to reflect a balance of geography and blend of authority types.

12. The appointment of the PSAA provides the following advantages:
    - the sector-led approach of the PSAA provides the best opportunity to achieve economies of scale and maximum purchasing power;
    - negotiations and contract management are undertaken by a dedicated specialist team; and
    - the approach provides an established route to independent audit appointment whilst avoiding the need for Council to establish an independent audit panel which would mean additional cost. It would also likely necessitate changes to

the Council's existing governance arrangements, requiring the appointment of independent members.

13. The primary drawback of the PSAA approach is that the Council would not be taking advantage of the full flexibility available under the Act. These freedoms, generally, however mean accepting increased risks.

14. It is considered that advantages of this option markedly outweigh the drawbacks and the advantages of the alternatives (below). As such, this is the recommended approach.

Option 2 – Local procurement and standalone appointment

15. In order to make a stand-alone appointment the Council will need to set up an Independent Auditor Panel. This panel of at least three members must be majority independent (including the Chair). Independent members would exclude current and former elected members (or officers) and their close families and friends.

16. The Council would need to consider how the ongoing role of such a panel would complement the role of the existing Audit Committee and review its governance arrangements as necessary (for which further legal advice would be required). The Council would also need to make its own arrangements for procurement and ongoing contract management whilst continually demonstrating independence.

17. The advantage of this approach is that it allows the Council to take maximum advantage of the local appointment regime under the Act.

18. The primary drawbacks are as follows:
    - there would be a cost to recruiting and servicing an Independent Auditor Panel, running the bidding exercise and negotiating the contract;
    - the Council will not be able to take advantage of economies of scales and enhanced purchasing power that may be available through joint or national procurement contracts;
    - there is a risk, that due to the limitations in the local audit market, the Council as a standalone authority may not attract sufficient market interest limiting competition or in extremis may be unable to appoint an auditor;
    - there is a risk that over an extended period independence may wane over time giving rise to conflicts of interests.

19. The number of drawbacks in this option means that it is not recommended.

Option 3 – Set up a Joint Auditor Panel/ local joint procurement arrangements

20. The Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of a majority of independent appointees.

21. Detailed legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act. The Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

22. The advantage of this approach is that the costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across several authorities. There is also greater opportunity for enhanced purchasing power by being able to offer a larger combined contract value to the firms. In addition, knowledge and expertise in operating a local panel could be pooled and shared.

23. The primary drawbacks are as follows:
    - a pooled arrangement would limit the opportunity for local input to the decision
    - the choice of auditor within a limited market could be further limited due to pooling because of conflicts of interest where authorities use the same audit firm for consultancy work – this could limit competition and pricing.

24. This option is not recommended in light of the stated drawbacks. There is also a question as to this option’s viability given the lack of support for such arrangements at the present time. No such arrangement has currently been proposed within London.

CONCLUSION AND NEXT STEPS

25. Of the viable options, the ‘appointing person’ route via the PSAA is considered the most preferable and as such is the recommended approach.

26. Subject to comment from Audit Committee, the proposed approach will be put before Full Council in February 2022.

27. The deadline to notify PSAA of an intention to opt-in (subject to approval by Full Council) is 11 March 2022.

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 07/02/2022

Subject: Four Year Capital Programme 2022-26 And Capital Strategy 2022/23

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

Responsible Director: Emily Hill, Director of Finance

SUMMARY

This report presents the Council's four-year Capital Programme for the period 2022 to 2026.

The Council is required by the CIPFA Prudential Code for Capital Finance (2017) and statutory guidance to prepare certain capital related strategies and policies. The Capital Strategy and Minimum Revenue Provision (MRP) Policy are included as Appendices to this report. The Treasury Management Strategy Statement 2022/23 will also be presented to Cabinet in February 2022 under a separate agenda item.

In accordance with the requirements of the Prudential Code for Capital Finance, local authorities are required to maintain a number of prudential indicators. These are set out in the Treasury Management Strategy Statement 2022/23. The indicator used to reflect the underlying need of an authority to borrow for a capital purpose is the Capital Financing Requirement (CFR) which is set out within this report.

RECOMMENDATIONS

1. To approve the four-year General Fund Capital Programme budget at £187.6m for the period 2022/23-2025/26 (presented in Table 2 and Appendix 1).

2. To approve the continuation of rolling programmes for 2022/23 funded from the Council's mainstream resources. For financial modelling purposes, these programmes are assumed to continue at the same level until 2025/26:

	£m
Corporate Planned Maintenance	2.400
Footways and Carriageways	2.030
Column Replacement	0.346
Controlled Parking Zones	0.275
Total	**5.051**

3. To delegate approval of the detailed programmes for use of the rolling programmes, in recommendation 2, to the relevant SLT Director in consultation with the Director of Finance and relevant Lead Cabinet Member.

4. To approve the four-year Housing (HRA) Capital Programme at £389.6m for the period 2022/23-2025/26 as set out in Table 5 and Appendix 1.

5. To delegate authority to the Director of Finance in consultation with the Cabinet Member for Finance and Commercial Services to approve the potential use of up to £4.3m of capital receipts under the Government’s Flexible Use of Capital Receipts provisions for funding of Invest to Save schemes in 2022/23 and 2023/24 (as identified in Appendix 5) and potential match-funding opportunities.

6. To approve the Capital Strategy 2022/23, as set out in Appendix 4.

7. To approve the annual Minimum Revenue Provision policy statement for 2022/23, as set out in Appendix 6.

8. To note the existing mainstream funded schemes previously approved, but now reprofiled to 2022/23 and future years as detailed in Table 3.

Wards Affected: All

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

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

Financial Impact

This report is of a wholly financial nature.

Legal Implications

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

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Background Papers Used in Preparing This Report:

None

CAPITAL PROGRAMME 2022/23-2025/26 - OVERVIEW

1. This report sets out an updated four-year capital expenditure and resource forecast and a capital programme for 2022/23 to 2025/26, as summarised in Table 1 below. A detailed analysis of specific schemes by service is included in Appendix 1.

Table 1 - Capital Programme 2022/23 to 2025/26

		Indicative Future Years Analysis			
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total Budget (All years) £'000
CAPITAL EXPENDITURE					
Children's Services	3,748	3,579	-	-	**7,327**
Social Care	957	-	-	-	**957**
Environment Department	10,060	2,466	2,376	2,376	**17,278**
Finance & Resources Department	4,585	-	-	-	**4,585**
General Fund Schemes under the Economy Department	94,592	53,027	7,400	2,400	**157,419**
Sub-total (General Fund)	**113,942**	**59,072**	**9,776**	**4,776**	**187,566**
Economy Department-HRA Programme	77,654	104,828	115,979	91,117	**389,578**
Sub-total Economy Department (HRA)	**77,654**	**104,828**	**115,979**	**91,117**	**389,578**
Total Expenditure	**191,596**	**163,900**	**125,755**	**95,893**	**577,144**
CAPITAL FINANCING					
Specific/External Financing:					
Government/Public Body Grants	6,483	3,579	-	-	**10,062**
Grants and Contributions from Private Developers (includes S106/CIL)	7,636	7,841	9,146	3,649	**28,272**
Capital Grants/Contributions from Non-departmental public bodies	45	-	-	-	**45**
Capital Grants and Contributions from GLA Bodies	5,278	5,557	8,473	3,925	**23,233**
Leaseholder Contributions (Housing)	1,598	1,811	1,449	931	**5,789**
Sub-total - Specific Financing	**21,040**	**18,788**	**19,068**	**8,505**	**67,401**
Mainstream Financing (Internal):					
Capital Receipts - General Fund	13,911	-	-	-	**13,911**
Capital Receipts - HRA	3,156	3,331	2,894	13,428	**22,809**
Major Repairs Reserve (MRR)	16,620	17,013	17,415	17,934	**68,982**
Sub-total - Mainstream Funding	**33,687**	**20,344**	**20,309**	**31,362**	**105,702**
Borrowing-General Fund	85,568	54,232	9,776	4,776	**154,352**
Borrowing -HRA	51,301	70,536	76,602	51,250	**249,689**
Total Capital Financing	**191,596**	**163,900**	**125,755**	**95,893**	**577,144**

2. The programme for this period totals £577.1m. The gross programme for 2022/23 totals £191.6m. This comprises the General Fund (GF) Programme of £113.9m and the Housing Revenue Account (HRA) Programme of £77.7m

3. The forecast is based on known funding allocations at December 2021 and will be updated in accordance with relevant government spending announcements. This will include a review of Children's Services and Disabled Facilities Grant (DFG) allocations. At present schools' funding is not confirmed by Government beyond 2021/22. As

additional grants and contributions are confirmed, the General Fund capital programme will increase.

GENERAL FUND CAPITAL PROGRAMME

4. The General Fund programme is summarised in Table 2 below with details for each service at Appendix 1. The programme includes:

    - Hammersmith Bridge stabilisation
    - the Civic Campus programme/ refurbishment of Hammersmith Town Hall
    - the school maintenance programme
    - the Council's rolling programmes for column replacement and footways and carriageways
    - Social Care capital projects.
    - a carry forward of £4.923m for corporate planned maintenance works and the annual rolling programme of £2.4m - this programme includes investment in energy efficient lighting and decarbonisation schemes.

5. The capital programme approves a funding envelope for rolling programmes. It does not approve the detail of how such funding is utilised. It is the responsibility of the lead Strategic Leadership Team Directors to agree a planned programme of works in consultation with the Director of Finance and lead Cabinet Member.

Table 2 – General Fund Capital Programme 2022/23 to 2025/26

		Indicative Future Years Analysis			
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total Budget (All years) £'000
CAPITAL EXPENDITURE					
Children's Services	3,748	3,579	-	-	**7,327**
Social Care	957	-	-	-	**957**
Environment Department	10,060	2,466	2,376	2,376	**17,278**
Finance & Resources	4,585	-	-	-	**4,585**
General Fund Schemes under the Economy Department	94,592	53,027	7,400	2,400	**157,419**
Total Expenditure	**113,942**	**59,072**	**9,776**	**4,776**	**187,566**
CAPITAL FINANCING					
Specific/External Financing:					
Government/Public Body Grants	6,483	3,579	-	-	**10,062**
Grants and Contributions from Private Developers (includes S106/CIL)	6,795	1,261	-	-	**8,056**
Capital Grants/Contributions from Non-departmental public bodies	45	-	-	-	**45**
Capital Grants and Contributions from GLA Bodies	2,572	-	-	-	**2,572**
Sub-total - Specific Financing	**15,895**	**4,840**	**-**	**-**	**20,735**
Mainstream Financing (Internal):					
Capital Receipts - General Fund	12,479	-	-	-	**12,479**
Sub-total - Mainstream Funding	**12,479**	**-**	**-**	**-**	**12,479**
Borrowing-General Fund	85,568	54,232	9,776	4,776	**154,352**
Total Capital Financing	**113,942**	**59,072**	**9,776**	**4,776**	**187,566**

6. Table 3 below shows the projects funded from mainstream resource (borrowing or capital receipts) and comprises the progression and completion of existing schemes and the continuation of rolling programmes. It incorporates expenditure slippage from the 2021/22 programme as detailed in the 2021/22 quarter 3 capital monitoring report.

Table 3 – General Fund Mainstream Programme 2022/23 to 2025/26

	Indicative Budget 2022/23 £'000	**Indicative Budget 2023/24 £'000**	**Indicative Budget 2024/25 £'000**	**Indicative Budget 2025/26 £'000**	**Total Budget (All years) £'000**
Approved Expenditure					
Social Care Capital projects [ASC]	-	-	-	-	**-**
Invest to Save-Flexible Use of Capital Receipts [FIN]	4,285	-	-	-	**4,285**
Investment in Digital Infrastructure [RES]	300	-	-	-	**300**
Capital Investment in Street Lighting [ENV]	800	-	-	-	**800**
Carnwath Road [ECD]	1,870	-	-	-	**1,870**
Hammersmith Bridge Strengthening [ENV]	1,946	-	-	-	**1,946**
North End Road - Good Growth Fund [ECD]	610	-	-	-	**610**
HRA Watermeadow adjustment [ECD]	1,432	-	-	-	**1,432**
Foster carers' extension [CHS]	169	-	-	-	**169**
Planned Maintenance/DDA Programme [ECD]	7,323	2,400	2,400	2,400	**14,523**
Footways and Carriageways [ENV]	2,030	2,030	2,030	2,030	**8,120**
Column Replacement [ENV]	346	346	346	346	**1,384**
Hammersmith Town Hall Refurbishment* [ECD]	21,824	2,725	-	-	**24,549**
Community Schools Programme [ECD]	1,020	60	-	-	**1,080**
Education City regeneration [ECD]	-	3,500	-	-	**3,500**
Farm Lane/Mund Street [ECD]	1,439	-	-	-	**1,439**
Investment in Affordable Housing-Lillie Road Site [ECD]	910	-	-	-	**910**
Total Mainstream Programmes	**46,304**	**11,061**	**4,776**	**4,776**	**66,917**
Financing					
Capital Receipts	13,911	-	-	-	**13,911**
Increase/(Decrease) in Borrrowing	32,393	11,061	4,776	4,776	**53,006**
Total Financing	**46,304**	**11,061**	**4,776**	**4,776**	**66,917**

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

7. The mainstream programme presented in Table 3 does not include self-financing schemes (where the net General Fund revenue borrowing costs are nil). Appendix 3 details the self-financing schemes and their borrowing requirement. Such self-financing borrowing is forecast to increase by £101.3m over the next 4 years and mainly relate to the Civic Campus development and the provision of development financing to EdCity Office Ltd. The full financial implications of both schemes have been reported to Full Council with subsequent updates to Cabinet. Detailed programme management and officer and member governance arrangements are in place to ensure that officers and members understand the key financial assumptions and risks associated with the self-financing schemes. These schemes are subject to regular monitoring and scrutiny.

8. The Grade II* Listed 134-year-old Hammersmith Bridge (the Bridge) was closed to motor vehicles in April 2019 and to all users in August 2020 on public safety grounds. Following an 11-month closure and extensive investigations by Hammersmith & Fulham engineers and the introduction of a pioneering temperature control scheme, it re-opened to pedestrians, cyclists and river traffic on 17 July 2021. The re-opening, with strict conditions, was recommended by the Board for the Continued Case for the Safe

Operation (CCSO). One condition was that for the Bridge to remain open, it must be properly and permanently stabilised as soon as possible.

9. Following detailed cost-analysis the Council has approved a stabilisation construction project for the Bridge at an estimated value of £8.9m (including indirect costs, preliminaries and contingencies). This work is to be completed expeditiously (anticipated by September 2022) so that users can continue to use the Bridge safely.

10. In line with government announcements, central government (Department for Transport (DfT)) and Transport for London (TfL) are expected to fund two-thirds of the total project costs and this is expected to be formalised in a proposed Memorandum of Understanding (MoU). The Council will fund its share of the stabilisation project costs through borrowing. This funding split is assumed within the capital programme.

11. The Council is continuing to develop an outline business case for a full strengthening and restoration programme which will see the Bridge re-opened to motor vehicles. This is exploring options to fund the Council's contribution to both stabilisation and strengthening and restoration through a road charge or toll.

12. Covid-19 has had a significant impact on the current and future funding of various transport schemes which are mainly financed by TfL grants. There is uncertainty over the level and timing of future funding and as a result of this, the Council's transport schemes have been scaled down. Schemes will be added to the programme when the funding is confirmed.

13. The Government's Flexible Use of Capital Receipts provisions allow the Council to use available General Fund capital receipts to fund Invest to Save schemes. This comes at an estimated revenue cost of £55,000 per annum per £1m capitalised, as there is a lost opportunity cost of applying these to other capital schemes funded through borrowing. However, this use enables the Council to maintain reserves which would contribute towards future financial resilience. It is also proposed that such funding be made available to support potential match funding opportunities. In order to bid for external funding for capital schemes, the Council is sometimes required to confirm the availability of match-funding. This pot will provide headroom for such bids to be made and maximise the resources available to the Council. The final decision on the use of this flexibility is delegated to the Director of Finance, in consultation with the Cabinet Member for Finance and Commercial Services. The current programme provides for use of £4.285m of capital receipts for these purposes.

14. General Fund debt is measured by the Capital Finance Requirement (CFR). The Council is required to make an annual provision from revenue, known as the Minimum Revenue Provision (MRP), which set-asides resource to repay debt and in so doing reduces the CFR. The CFR and MRP are explained in more detail in Appendix 3 and the Council's 2022/23 MRP policy is set out in Appendix 6.

15. The forecast for the headline General Fund CFR is shown in Table 4 below. The General Fund headline CFR excludes self-financing schemes detailed in Appendix 3.

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

GENERAL FUND CFR ANALYSIS **HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS**	**2021/22** **£m**	**2022/23** **£m**	**2023/24** **£m**	**2024/25** **£m**	**2025/26** **£m**
Opening Capital Finance Requirement (CFR)	**122.16**	**133.75**	**164.42**	**172.80**	**174.75**
Revenue Repayment of Debt (MRP)	(1.36)	(1.72)	(2.69)	(2.82)	(2.90)
Mainstream Programme (Surplus)/Shortfall	12.95	32.39	11.06	4.78	4.78
Closing Capital Finance Requirement (CFR)	**133.75**	**164.42**	**172.80**	**174.75**	**176.63**

16. The forecast General Fund Headline CFR at the start of 2022/23 is £133.8m and is expected to increase to £176.6m by the end of 2025/26. The increase of £42.8m over the next four years will add a revenue budget pressure, relating to the borrowing costs (MRP plus external interest), of c£2.2m per annum by the end of 2025/26

17. Any capital receipts received during the year may be applied to lower the closing CFR. In addition, the Council may opt to apply additional Section 106 or CIL identified during the year to fund eligible elements of the capital programme to reduce the closing CFR. The current General Fund capital receipts forecast contained in this report assumes no new receipts for financial years 2023/24 to 2025/26. Should capital receipts be identified, they will be added to the programme, as an additional funding source, and will reduce the forecast CFR and MRP.

HOUSING CAPITAL PROGRAMME

18. The Housing Capital Programme expenditure and resource forecast is summarised in Table 5 and detailed in Appendix 1. On 6 September 2022, Cabinet approved a 12-year HRA Asset Management Capital Strategy (the Strategy). This detailed the spending priorities for the twelve-year period between 2022/23 and 2033/34, priorities that represent £728.6m of expenditure. The aim of the Strategy is to direct capital investment to where it will make the biggest impact on residents' quality of life, health and wellbeing with the following key spend areas:

    - Fire Safety
    - Structural Safety
    - Asset Replacement
    - Disabled Adaptations
    - Stock Condition Survey findings
    - Climate Emergency
    - Estate Improvements
    - White City Estate
    - Charecroft Estate Phase 2
    - West Kensington Estate

19. The works set out in the Strategy are different to the current HRA four-year capital programme due for completion in 2024/25 covering Major Refurbishments, Fire Safety, Lifts, Boilers, Structural Safety, Electrical, Voids and Miscellaneous schemes. Additional

expenditure of £188.7m is included within the 2022-26 capital programme in respect of the new works within the Strategy. The Strategy will be reviewed annually and will inform every subsequent annual revision of the capital programme budget.

Table 5 – Housing Expenditure and Resource Forecast 2022-26

	Indicative 2022/23 Budget £'000	Indicative 2023/24 Budget £'000	Indicative 2024/25 Budget £'000	Indicative 2025/26 Budget £'000
Approved Expenditure				
HRA Asset Management and Compliance Programme	65,009	84,894	75,226	63,101
Building Homes and Communities Strategy	10,578	9,296	26,496	22,533
Other HRA Capital Schemes	2,067	10,638	14,257	5,483
Total Housing Programme	**77,654**	**104,828**	**115,979**	**91,117**
Available and Approved Resource				
Capital Receipts - Unrestricted	3,156	3,331	2,894	13,428
Capital Receipts - GF	1,432	-	-	-
Major Repairs Reserve (MRR)	16,620	17,013	17,415	17,934
Contributions Developers (S106)	841	6,580	9,146	3,649
Contributions from leaseholders	1,598	1,811	1,449	931
Capital Grants and Contributions from GLA Bodies	746	3,308	6,468	2,457
RtB GLA Ringfence	1,960	2,249	2,005	1,468
Borrowing (HRA)	51,301	70,536	76,602	51,250
Total Funding	**77,654**	**104,828**	**115,979**	**91,117**

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

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

Table 6 – Housing CFR Forecast 2021-26

HRA CFR Forecast	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**
Closing Forecast HRA CFR	258.14	309.44	379.98	456.58	507.83

21. The HRA CFR is forecast to be £309.4m by the end of 2022/23 and £507.8m by 2025/26. The significant borrowing costs that arise from the increase in the HRA CFR will impact on future HRA revenue budgets. This impact is regularly assessed as part of the HRA Business Plan and is reflected in the proposed 2022/23 HRA revenue budget.

22. As set out in the HRA business plan the increase in borrowing costs will require significant additional HRA revenue savings to be made. There are also multiple interacting assumptions and risks that need to be regularly stress tested and reviewed to ensure the underlying strength and resilience of the plan. Key risks that need to be closely monitored to ensure the delivery and affordability of the Strategy include:

- Interest rate changes. The current base case uses borrowing rates after consultation with the Council's Treasury Advisor. However, there are growing signs that in reaction to inflation increasing above government targets that interest rates may rise sooner than expected.

- Rent Regulation. There is uncertainty over government policy on social rents after 2025.
- New development. Building additional homes not only provides much needed affordable housing for the boroughs' residents but is also a key factor in the HRA's future viability. If new build developments were to cease completely then it is estimated that additional revenue savings of £800,000 above the base model savings requirement would be required.
- Build and works inflation. A mounting concern is inflation with supply constraints and labour shortages, driven by Covid and Brexit, leading to higher prices and pressure on wages.
- Climate change funding. The Strategy includes climate change investment of £213m and it is assumed that this will be funded by 50% borrowing/recharges and 50% government grant. There is risk that lower grant funding will be identified/awarded and this may further impact on the HRA CFR.

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

24. Should these schemes not fully progress there is a risk that some, or all, of the expenditure will need to be written off to revenue. In line with the arrangements agreed in the Building Homes and Communities Strategy, the Development Board is providing a gateway and governance process for these schemes before commitment of funds.

25. Right to Buy (RTB) one-for-one receipts need to be repaid with interest to Central Government where affordable housing schemes do not proceed to programme. These receipts are ringfenced to the provision of affordable housing within three years of receipt and the Council's agreement with the GLA, allows a further three years to use the receipts. At 1 October 2021, the GLA held £23.9m of Hammersmith & Fulham receipts from the last two financial years. This is the equivalent of £79m[1] of capital expenditure delivered by the Council (or Housing Associations if grant funded by Council) over the next two financial years. The existing approved Housing Development schemes and the pipeline of yet to be approved schemes[2] is sufficient to make use of these receipts if delivered on time, however there are risks to meeting these deadlines due to further design work after extensive consultation being undertaken on the schools' regeneration schemes. The Council can request for an extension to the three years where an approved programme is in place.

26. The proposed HRA programme relies on £20.2m of S106 receipts for affordable housing, of which £16.1m has been received to date with the remainder dependent on the associated developments proceeding in a timely manner. The impact of Covid-19 on

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[1] The latest MHCLG guidance states that 1-4-1 receipts received in the 2017/18 financial year or later can now fund 40% of the total development expenditure on eligible tenures, with the remaining 60% being funded from a mixture of non-housing receipts, S106 and borrowing. Officers continue to work through the implications of this guidance on the optimal allocation of funding to schemes.

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

the progress of developments and related developer contributions is being monitored jointly with Finance and Planning and mitigating actions will be considered if necessary, such as substituting other funding in the Housing programme.

EQUALITY IMPLICATIONS

27. There are no direct equalities implications in relation to this report. This paper is concerned entirely with financial management issues and, as such, the recommendations relating to increase in capital allocations will not impact directly on any group with protected characteristics, under the terms of the Equality Act 2010.

VAT IMPLICATIONS

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

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

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

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

RISK MANAGEMENT

30. The report content presents a balanced and measured profile of the main aspects, risks and issues relating to the Capital Programme and its deliverables. The exposure to property market conditions, consultation requirements, potential delays due to legal challenge, gaining planning consent, protracted negotiations, or exchange of contracts with potential purchasers are known risks and these are outlined in the report. Furthermore, are the impacts of the Covid-19 pandemic on the economy coupled with Brexit impacting on prices in the short and potentially longer term. The report identifies a number of risks which could impact on the delivery of the HRA Business Plan and strategy, and the need for robust monitoring to continue in respect of these risks.

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

Implications completed by: David Hughes, Director of Audit, Risk and Insurance, Tel: 020 7361 2389.

IMPLICATIONS FOR BUSINESS

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

33. Projects contained in the capital programme are approved on individual basis and the business implications for each of them are considered in more detail in their specific reports.

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

LIST OF APPENDICES:

Appendix 1 – Council Capital Programme by Service Area
Appendix 2 – Anticipated General Fund capital receipts
Appendix 3 – The Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP)
Appendix 4 – Capital Strategy 2022/23
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Appendix 6 – Minimum Revenue Provision (MRP) Statement 2022/23

APPENDIX 1 – Detailed Analysis by Service

Children's Services		**Indicative Future Years Analysis**			
	2022/23 Budget £'000	**2023/24 Budget £'000**	**2024/25 Budget £'000**	**2025/26 Budget £'000**	**Total Budget (All years) £'000**
Scheme Expenditure Summary					
SEN sufficiency	650	650	-	-	1,300
Foster carers' extension	169	-	-	-	169
School Maintenance Programme	2,929	2,929	-	-	5,858
Total Expenditure	**3,748**	**3,579**	**-**	**-**	**7,327**
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	3,579	3,579	-	-	7,158
Sub-total - Specific or Other Financing	**3,579**	**3,579**	**-**	**-**	**7,158**
Mainstream Financing (Internal Council Resource)					
Capital Receipts	27	-	-	-	27
Sub-total - Mainstream Funding	**27**	**-**	**-**	**-**	**27**
Borrowing	142	-	-	-	142
Total Capital Financing	**3,748**	**3,579**	**-**	**-**	**7,327**

Social Care Services		**Indicative Future Years Analysis**			
	2022/23 Budget £'000	**2023/24 Budget £'000**	**2024/25 Budget £'000**	**2025/26 Budget £'000**	**Total Budget (All £'000**
Scheme Expenditure Summary					
Extra Care New Build project (Adults' Personal Social Services Grant)	957	-	-	-	957
Total Expenditure	**957**	**-**	**-**	**-**	**957**
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	957	-	-	-	957
Sub-total - Specific or Other Financing	**957**	**-**	**-**	**-**	**957**
Total Capital Financing	**957**	**-**	**-**	**-**	**957**

APPENDIX 1 – Detailed Analysis by Service

Finance & Resources Department		**Indicative Future Years Analysis**			
	2022/23 Budget £'000	**2023/24 Budget £'000**	**2024/25 Budget £'000**	**2025/26 Budget £'000**	**Total Budget (All years) £'000**
Scheme Expenditure Summary					
Invest to Save - Flexible Use of Capital Receipts	4,285	-	-	-	4,285
Investment in Digital Infrastructure	300	-	-	-	300
Total Expenditure	**4,585**	**-**	**-**	**-**	**4,585**
Capital Financing Summary					
Mainstream Financing (Internal Council Resource)					
Capital Receipts	4,285	-	-	-	4,285
Sub-total - Mainstream Funding	**4,285**	**-**	**-**	**-**	**4,285**
Borrowing	300	-	-	-	300
Total Capital Financing	**4,585**	**-**	**-**	**-**	**4,585**

APPENDIX 1 – Detailed Analysis by Service

Environment Department		**Indicative Future Years Analysis**			
	2022/23 Budget £'000	**2023/24 Budget £'000**	**2024/25 Budget £'000**	**2025/26 Budget £'000**	**Total Budget (All years) £'000**
Scheme Expenditure Summary					
Footways and Carriageways	2,030	2,030	2,030	2,030	8,120
Hammersmith Bridge Stabilisation Works	5,840	-	-	-	5,840
Column Replacement	346	346	346	346	1,384
Other Highways Capital Schemes	994	-	-	-	994
Capital Investment in Street Lighting	800	-	-	-	800
Leisure Centre Capital Investment	50	90	-	-	140
Total Expenditure	**10,060**	**2,466**	**2,376**	**2,376**	**17,278**
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	1,947	-	-	-	1,947
Grants and Contributions from Private Developers (includes S106/S278)	999	90	-	-	1,089
Capital Grants/Contributions from Non-departmental public bodies	45	-	-	-	45
Capital Grants and Contributions from GLA	1,947	-	-	-	1,947
Sub-total - Specific or Other Financing	**4,938**	**90**	**-**	**-**	**5,028**
Mainstream Financing (Internal Council Resource)					
Capital Receipts	844	-	-	-	844
Sub-total - Mainstream Funding	**844**	**-**	**-**	**-**	**844**
Borrowing	4,278	2,376	2,376	2,376	11,406
Total Capital Financing	**10,060**	**2,466**	**2,376**	**2,376**	**17,278**

APPENDIX 1 – Detailed Analysis by Service

Economy Department General Fund Managed Schemes		**Indicative Future Years Analysis**			
	2022/23 Budget £'000	**2023/24 Budget £'000**	**2024/25 Budget £'000**	**2025/26 Budget £'000**	**Total Budget (All years) £'000**
Scheme Expenditure Summary					
Civic Campus					
Hammersmith Town Hall Refurbishment	25,950	2,725	-	-	28,675
Acquisition of commercial units	17,281	31,171	-	-	48,452
Equity Loan (Civic Campus)	13,894	-	-	-	13,894
Subtotal Civic Campus	**57,125**	**33,896**	**-**	**-**	**91,021**
Building Homes and Communities Strategy (GF sites)					
Education City Loan	22,000	12,000	5,000	-	39,000
Education City -Youth Facility	579	4,671	-	-	5,250
Community Schools Programme	1,020	60	-	-	1,080
Mund Street	2,530	-	-	-	2,530
Investment in Affordable Housing-Lillie Road Site	910	-	-	-	910
Subtotal Building Homes and Communities Strategy (GF sites)	**27,039**	**16,731**	**5,000**	**-**	**48,770**
Other GF Capital Schemes managed by the Economy					
Planned Maintenance/DDA Programme	7,323	2,400	2,400	2,400	14,523
Carnwath Road	1,870	-	-	-	1,870
North End Road - Business Low Emissions Neighbourhood	125	-	-	-	125
North End Road - Good Growth Fund	1,110	-	-	-	1,110
Subtotal Other GF Capital Schemes managed by the Economy	**10,428**	**2,400**	**2,400**	**2,400**	**17,628**
Total Expenditure	**94,592**	**53,027**	**7,400**	**2,400**	**157,419**
Capital Financing Summary					
Specific/External or Other Financing					
Grants and Contributions from Private Developers (includes S106)	1,670	1,171	-	-	2,841
Community Infrastructure Levy (CIL)	4,126	-	-	-	4,126
Capital Grants and Contributions from GLA Bodies	625	-	-	-	625
Sub-total - Specific or Other Financing	**6,421**	**1,171**	**-**	**-**	**7,592**
Mainstream Financing (Internal Council Resource)					
Capital Receipts (GF)	7,323	-	-		7,323
Sub-total - Mainstream Funding	**7,323**	**-**	**-**	**-**	**7,323**
GF Borrowing	80,848	51,856	7,400	2,400	142,504
Total Borrowing	**80,848**	**51,856**	**7,400**	**2,400**	**142,504**
Total Capital Financing	**94,592**	**53,027**	**7,400**	**2,400**	**157,419**

APPENDIX 1 – Detailed Analysis by Service /cont.

Economy Department- HRA Capital Programme

Indicative Future Years Analysis

	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
HRA Asset Management and Compliance Programme					
Pre Agreed Works	7,183	250	6,868	7,368	21,669
Fire Safety Compliance Programme	8,900	3,671	7,689	5,400	25,660
Fire Safety Complex Schemes	19,596	30,940	6,500	-	57,036
Lift Schemes	3,035	750	750	750	5,285
Boiler Schemes	3,100	4,970	6,140	4,370	18,580
Safety Works - Electrical	7,225	5,337	4,390	3,860	20,812
Safety Works	7,093	14,958	12,750	13,150	47,951
Void Works	3,704	1,200	1,200	1,200	7,304
Other Capital Improvements	6,435	2,983	2,266	1,250	12,934
Capitalised salaries	3,200	2,000	1,800	3,300	10,300
Capitalised repairs	4,010	4,040	4,070	3,500	15,620
Climate Emergency and Other future works	3,000	15,280	18,835	17,160	54,275
Allowance for program slippage for financial modeling purposes	(11,472)	(1,485)	1,968	1,793	(9,196)
Subtotal HRA Asset Management and Compliance Programme	**65,009**	**84,894**	**75,226**	**63,101**	**288,230**
Building Homes and Communities Strategy (HRA sites)					
Homes & Communities Strategy	1,315	-	-	-	1,315
White City Estate Regeneration	386	386	386	386	1,544
Old Laundry Yard	1,111	-	-	-	1,111
Education City- HRA element	7,766	8,910	26,110	22,147	64,933
Subtotal Building Homes and Communities Strategy (HRA sites)	**10,578**	**9,296**	**26,496**	**22,533**	**68,903**
Other HRA Capital Schemes					
Housing Development Project	54	-	-	-	54
Stanhope Joint Venture	1,263	9,888	13,745	5,483	30,379
Hartopp & Lannoy	750	750	512	-	2,012
Subtotal Other HRA Capital Schemes	**2,067**	**10,638**	**14,257**	**5,483**	**32,445**
Total Expenditure	**77,654**	**104,828**	**115,979**	**91,117**	**389,578**
Capital Financing Summary					
Specific/External or Other Financing					
Contributions from leaseholders	1,598	1,811	1,449	931	5,789
Grants and Contributions from Private Developers (includes S106)	841	6,580	9,146	3,649	20,216
Capital Grants and Contributions from GLA Bodies	746	3,308	6,468	2,457	12,979
RtB GLA Ringfence	1,960	2,249	2,005	1,468	7,682
Sub-total - Specific or Other Financing	**5,145**	**13,948**	**19,068**	**8,505**	**46,666**
Mainstream Financing (Internal Council Resource)					
Capital Receipts (HRA)	3,156	3,331	2,894	13,428	22,809
Major Repairs Reserve (MRR) / Major Repairs Allowance	16,620	17,013	17,415	17,934	68,982
Capital Receipts (GF)	1,432	-	-		1,432
Sub-total - Mainstream Funding	**21,208**	**20,344**	**20,309**	**31,362**	**93,223**
Borrowing(HRA)	51,301	70,536	76,602	51,250	249,689
Total Capital Financing	**77,654**	**104,828**	**115,979**	**91,117**	**389,578**

APPENDIX 2 – Anticipated General Fund capital receipts

2022/23	**£'000**
Receipts b/f from 2021/22	682
Forecast capital receipts for the year	13,780
Cost of Sales (4%)	(551)
Total 2022/23	**13,911**

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

1. The CFR measures an authority's underlying need to borrow for a capital purpose. It is considered by the Chartered Institute of Public Finance Accountancy (CIPFA) as the best measure of Council debt as it reflects both external and internal borrowing.

2. The CFR is the difference between capital expenditure incurred and the resources set aside to pay for this expenditure. Put simply it can be thought of as capital expenditure incurred but not yet paid for in-full and serves as a measure of an authority's indebtedness.

3. An important caveat is that the CFR does not necessarily equal the outstanding loans of the authority. An authority may be 'cash rich' and pay for a new asset in full without entering into new loans. However, unless it simultaneously funds these from grants, capital receipts or sets aside reserves (either through recognising a revenue cost or transferring existing reserves from 'usable' to 'unusable' in the bottom half of the balance sheet) the CFR will increase it has effectively borrowed internally. The CFR should therefore be thought of as the total of internal and external borrowing.

4. Table 1 below shows the Council's forecast total General Fund CFR for the period 2022/23-2025/26:

Table 1- Forecast General Fund CFR 2022/23-2025/26

GENERAL FUND CFR ANALYSIS **HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS**	**2021/22** **£m**	**2022/23** **£m**	**2023/24** **£m**	**2024/25** **£m**	**2025/26** **£m**
Opening Capital Finance Requirement (CFR)	**122.16**	**133.75**	**164.42**	**172.80**	**174.75**
Revenue Repayment of Debt (MRP)	(1.36)	(1.72)	(2.69)	(2.82)	(2.90)
Mainstream Programme (Surplus)/Shortfall	12.95	32.39	11.06	4.78	4.78
Closing Capital Finance Requirement (CFR)	**133.75**	**164.42**	**172.80**	**174.75**	**176.63**
SELF FINANCING SCHEMES AND LOANS	**2021/22** **£m**	**2022/23** **£m**	**2023/24** **£m**	**2024/25** **£m**	**2025/26** **£m**
Opening Capital Finance	**21.51**	**36.85**	**89.86**	**132.87**	**135.13**
Revenue Repayment of Debt (MRP)	(0.18)	(0.17)	(0.16)	(2.74)	(2.78)
In Year Borrowing	15.52	53.18	43.17	5.00	-
Closing Capital Finance	**36.85**	**89.86**	**132.87**	**135.13**	**132.35**
Finance leases/PFI/ Deferred costs of disposal	7.79	7.09	6.39	5.69	4.99
Total Closing GF CFR	**178.39**	**261.37**	**312.05**	**315.57**	**313.97**

5. The current forecast for the General Fund Headline CFR (excluding self-financing schemes and loans) is £164.4m at the end of 2022/23 and £176.6m by

the end of 2025/26. The increase in General Fund Headline CFR puts additional pressures on revenue budgets.

6. The headline CFR figures exclude:

   - £4.4m Schools Windows Replacement Programme
   - £32m equity loan to the Civic Campus joint venture
   - £63m investment in acquisition of Civic Campus commercial units
   - £39m development financing to EdCity Office Ltd

   Whilst these will impact on the Council's CFR, it is assumed that all Minimum Revenue Payment (MRP) and interest costs will be fully reimbursed through the charging of a state-aid compliant interest rate, loan repayment and commercial income.

7. CFR movements related to these schemes are presented under "Self- Financing Schemes and Loans" heading in the Table 1. CFR for these schemes is forecast to increase from £36.9m to £89.9m (net movement £53m) in 2022/23 and to £132.4m (gross financing requirement of £101.3m less estimated MRP of £5.9m) estimated by the end of 2025/26. Table 2 details the CFR movements regarding these schemes.

Table 2 - Self -financing schemes and loans CFR movements 2022/23-2025/26

	Indicative Budget 2022/23 £'000	**Indicative Budget 2023/24 £'000**	**Indicative Budget 2024/25 £'000**	**Indicative Budget 2025/26 £'000**	**Total Budget (All years) £'000**
Approved Expenditure					
Ad Hoc Schemes:					
Education City -ARK loan	22,000	12,000	5,000	-	**39,000**
Acquisition of commercial units (Civic Campus) [ECD]	17,281	31,171	-	-	**48,452**
Equity Loan (Civic Campus) [ECD]	13,894	-	-	-	**13,894**
Total Mainstream Programmes	**53,175**	**43,171**	**5,000**	**-**	**101,346**
Financing					
Increase/(Decrease) in Borrrowing	53,175	43,171	5,000	-	**101,346**
Total Financing	**53,175**	**43,171**	**5,000**	**-**	**101,346**

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

9. The timing of the actual appropriation (which transfers the land from the General Fund to the HRA) is to be confirmed but is expected to be prior to build completion and will be reported through the Council's quarterly capital budget

monitoring process. Such an appropriation would trigger a transfer of debt from the General Fund to the HRA equal to an appropriate valuation of the site. The legal and financial details of this will be set out in a future decision. For monitoring purposes, current capital programme assumes the split between General Fund and HRA, as per the Cabinet recommendation. However, should the scheme be cancelled before the completion of HRA affordable homes, there is a risk that costs associated with the termination could impact General Fund revenue budgets.

10. Minimum Revenue Provision (MRP) is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans). This is an annual revenue expense in a Council's budget. The MRP will, over time, reduce the CFR.

11. The statutory guidance issued by the Secretary of State (Ministry for Housing, Communities and Local Government) details the ways how MRP should be charged on various items of capital expenditure. MRP charges presented in the Table 1 follow this guidance and assume the following:

    - MRP charges are deferred for development projects until year after their completion. The rate charged is based on the estimated life of an asset (50 years for new developments).
    - MRP on rolling capital programmes and smaller scale ad hoc schemes is charged year after the expenditure incurs. The rate used is based on weighted average life of an assets.

APPENDIX 4 – CAPITAL STRATEGY 2022/23

1. The Prudential Code[3] obliges local authorities to approve a capital strategy.

2. The Hammersmith & Fulham capital strategy sets out the long-term context in which capital investment decisions are made and the governance for those decisions. It supports the development of a capital programme that is affordable, prudent, and sustainable whilst giving due consideration to risk and reward and delivery of the Council's business plan.

3. The Council's priorities include being ruthlessly financial efficient. The capital strategy sets out the way capital projects are managed to improve delivery and achieve greater efficiency.

4. A key focus of the capital strategy is future finance resilience. Capital investment can enable the delivery of invest to save projects and grow future income and resources and provide regeneration opportunities within the borough.

Strategic Context

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

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

Doing things with residents, not to them
- The Council is also seeking to invest in a community-led redesign of the North End Road providing a long-term enhancement of the market and supporting the growth of existing and new businesses
- Delivering the 12-year HRA Asset Management Capital Strategy

Taking pride in Hammersmith & Fulham
- Hammersmith & Fulham is aiming to be the greenest Borough in Britain including investment in green fleet

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

- Continuing to invest in CCTV so that residents feel secure in their homes and on the streets

Creating a compassionate council

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

Being ruthlessly financially efficient

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

Rising to the challenge of the climate and ecological emergency

The Council has approved a Climate and Ecology Strategy and action plan to deliver its target of net zero greenhouse gas emissions in the borough by 2030. It has been shaped by the work of the resident-led Climate and Ecological Emergency Commission, who worked closely with the Council's Climate Unit and was devised by ten cross-departmental officer working groups. The capital strategy incorporates a number of measures that support the Climate and Ecology Strategy which include:

- Use of the corporate planned maintenance programme to deliver energy efficient lighting and decarbonisation
- Investment as part of the 12-year HRA Asset Management Capital Strategy of £213m to decarbonise our housing stock; this includes costs of 50% at £106.5m with a view to bidding for government funding and achieving cost and programme synergies of carrying these works out in conjunction with the other works identified.
- Use of cutting-edge green technology including a ground-breaking heat pump as part of the Civic Campus development.

6. The Covid-19 pandemic has resulted in unprecedented risk and uncertainty the wider economy. An economic downturn may affect the expected costs, market and viability of schemes whilst funding from partners, such as Transport for London, will be under pressure. As part of the capital strategy the impact of the pandemic will be kept under review and mitigating actions taken as necessary.

7. Learning the lessons from working from home during the pandemic, and in preparation for the workforce's return to the new Civic Campus in 2022, a review of Council accommodation is being undertaken. This might result in consolidation of office accommodation, the identification of assets for alternative use/ redevelopment or disposal and review of the rolling planned maintenance programme. Any plans will be incorporated into the capital programme as the relevant business cases are prepared and will be the subject of separate decision reports.

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

MAJOR PROJECTS

Civic Campus Programme

9. In January 2019, Full Council approved plans for major regeneration of the King Street area which included redevelopment of Hammersmith Town Hall, creating a Civic Campus. This involves entering into a joint venture (JV) with not-for-profit housing provider, A2 Dominion, for the delivery of the scheme, conditional land sale agreement from the Council to the JV, and the associated funding for the Civic Campus. The budget for the scheme is included in the Council's Capital Programme and the project is in the construction phase. The development will:
   - create a new civic and community campus, including new fit-for-purpose, inclusively designed office accommodation for the Council and act as a catalyst for change, with the inclusion of open public realm and shared spaces within the Town Hall used by the neighbourhood as well as the greater community;
   - provide urgent intervention in the failing existing Town Hall office buildings, refurbishing and restoring the heritage elements of the Town Hall, whilst creating an opportunity for improved ways of working in order to be ruthlessly financially efficient and address the financial challenges faced by the Council;
   - contribute to the borough's housing ambitions by increasing the supply of good quality, genuinely affordable housing for local residents to meet local housing need;
   - create pride in H&F by transforming King Street into a new civic and cultural destination; improving the public realm and Grade II listed Town Hall, providing new local amenities for residents, including a new four screen cinema, café/restaurant, retail and public event spaces;
   - promote economic growth in line with the H&F Industrial Strategy, Economic Growth for Everyone, through the creation of new retail and commercial space, including affordable space for start-up businesses to combat High Street decline; and
   - contribute to meeting the climate change emergency by the use of cutting edge green technology.

10. A capital budget of £64m has also been approved for the acquisition of commercial units that will be constructed by the JV as part of the Civic Campus Programme. For each of the buildings, the Council will then secure lessees paying rent to the Council, covering the cost of the acquisition over 45 years. Negotiations have already begun with potential occupiers of the commercial space and a managing agent is being procured for the office space. Investment in these units can allow the Council to benefit from the regeneration opportunity that they present.

Education City

11. In the absence of a national programme for capital investment in existing schools, the Council and Absolute Return for Kids (ARK) have successfully collaborated to plan and

co-fund a new Education City, that will create a new mixed used education hub on the site of the ARK Swift Primary School including:

- A high-quality primary school
- New and expanded nursery for 75 children
- New adult education facilities for up to 120 places
- New youth facilities
- An office for educational charities
- 132 new homes, 100% of which will be affordable housing

12. The funding for the school will be provided by ARK. The Council will fund the residential, the nursery and adult education facilities and will provide a capital grant for the provision of the youth facility. The Council budgets for the scheme were updated by Cabinet on 2 November 2020 and have been included in the Capital Programme.

13. On 5 July 2021, Cabinet approved an investment loan of up to £39m to enable ARK to facilitate the construction of their office block. On 19 November 2021, the Council and Ark formally entered into a Master Development Agreement to enable the construction works to be carried out on each party's behalf through a Special Purpose Vehicle (SPV) known as Education City Development Ltd (ECDL). The contractors Bowmer & Kirkland have since begun works on site with practical completion of Phase 1 due in 2023. When Phase 2 starts and completes, this will deliver the majority of the Council's new homes, nursery and adult education centre.

HRA Asset Management Capital Strategy

14. The Council is the responsible landlord for over 17,000 homes across Hammersmith & Fulham. The HRA Asset Management Capital Strategy (the Strategy) details the spending priorities for the twelve-year period between 2022/23 and 2033/34, priorities that represent £728.6m of capital spend. The purpose of the Strategy is to inform the four-year Capital Programme budget that is submitted annually for Full Council approval. The Strategy will inform every subsequent annual revision of the Capital Programme budget for the duration of the 12- year Strategy period, subject to annual reviews of the Strategy.

15. The aim of the Strategy is to direct capital investment to where it will make the biggest impact on residents' quality of life, health and wellbeing. The programme of capital investment will deliver housing assets that residents can be proud of and that will serve as a foundation for healthy, happy lives. We know that poor quality housing has a huge impact on physical and mental health and can impede people from reaching their full potential. Addressing structural damp and mould issues is a key theme of this Strategy. The programme will deliver 21st century assets that are fit for the future. Many of the projects detailed in the Strategy involve new windows, kitchens and bathrooms, things that will make a big difference to residents' quality of life.

16. The main headings of the Strategy are:
    - Fire Safety
    - Structural Safety
    - Asset Replacement
    - Disabled Adaptations
    - Stock Condition Survey findings
    - Climate Emergency

- Estate Improvements
- White City Estate
- Charecroft Estate Phase 2
- West Kensington Estate

17. The number one priority of the Strategy is health and safety and compliance. While safety and compliance come first, every capital project covered in this programme will be designed to maximise the impact on reducing carbon emissions. Wherever possible works will use methods and materials that improve energy efficiency and will be increasingly delivered as part of comprehensive whole-home retrofit schemes. The programme features more than £100m specifically earmarked for decarbonisation projects, to be supplemented by other financial mechanisms as they become available and government funding bids.

Building Homes and Communities Strategy

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

19. The approach would see the Council directly deliver housing from Council-owned land enabling the Council to deliver a substantial number of private and affordable homes which would not otherwise be delivered by the market. It would also allow the Council to benefit directly from the revenue generated from market and social rent housing as well as accruing long-term assets.

20. Schemes that have been approved within the strategy include sites at White City, Education City, Farm Lane, Mund Street and Lillie Road as well as early design and resident consultation at Old Laundry Yard. Further sites will continue to be brought forward to Cabinet for approval in the forthcoming months.

Hammersmith Bridge

21. The Grade II* Listed 134-year-old Hammersmith Bridge (the Bridge) was closed to motor vehicles in April 2019 and to all users in August 2020 on public safety grounds. Following an 11-month closure and extensive investigations by Hammersmith & Fulham engineers and the introduction of a pioneering temperature control scheme, it re-opened to pedestrians, cyclists and river traffic on 17 July 2021. The re-opening, with strict conditions, was recommended by the Board for the Continued Case for the Safe Operation (CCSO). One condition was that for the Bridge to remain open, it must be properly and permanently stabilised as soon as possible.

22. Following detailed cost-analysis the Council has approved a stabilisation construction project for the Bridge at an estimated value of £8.9m (including indirect costs,

preliminaries and contingencies). This work is to be completed expeditiously (anticipated by September 2022) so that users can continue to use the Bridge safely.

23. In line with government announcements, central government (Department for Transport (DfT)) and Transport for London (TfL) are expected to fund two-thirds of the total project costs and this is expected to be formalised in a proposed Memorandum of Understanding (MoU).

24. Evaluation of engineering options for the stabilisation and strengthening of the Bridge are well advanced. The Council is continuing to develop an outline business case for a full strengthening and restoration programme which will see the Bridge re-opened to motor vehicles and to secure funding from the DfT and TfL. This is exploring options to fund the Council's contribution to the stabilisation, strengthening and restoration through a road charge or toll.

Schools Renewal Programme

25. Included within the Building Homes and Communities Strategy is the Council's commitment to a Schools Renewal programme, agreed by Cabinet in March 2019. The programme is intended to:
    - to re-provide modern, fit for purpose schools to support the borough's ambition to give children the best start in life
    - to support the funding of education in Hammersmith & Fulham including the future repair and planned maintenance requirements across the school community
    - to fund school development through the creation of badly needed affordable housing which will help maintain the borough's vibrant social mix.

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

Other Housing projects

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

28. The redevelopment of land on Aintree Estate, previously occupied by Hartopp Point and Lannoy Point blocks, for the delivery of new homes including replacement of lost affordable housing.

29. The redevelopment of the Edith Summerskill House site is being taken forward in conjunction with Peabody Housing Trust. It is expected to deliver 133 affordable homes. Demolition is complete and Peabody Housing Trust will develop the new scheme with the Council transferring the land and providing a grant towards construction costs. The planning decision is currently subject to call in by the Secretary of State.

Old Oak and Park Royal Opportunity Area

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

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

Community Infrastructure Levy (CIL)

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

33. At 31 March 2021 the Council holds £13.9m of Borough CIL, currently committed towards financing of Civic Campus. Due to the current economic circumstances, it is harder to predict the future CIL receipts, however, based on current performance, it is considered prudent to assume that increasing sums will be received in following years.

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

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

Becoming Carbon Neutral

36. The Council’s Climate and Ecology Strategy and action plan set out the Council’s approach to delivering its target of net zero greenhouse gas emissions in the borough by 2030.

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

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

38. The Council's housing accounts for 35% of its total emissions and is a priority area that the Council can directly influence through retrofit programmes. Three quarters of CO2 emissions from homes come from heating and hot water, mostly powered by gas. To achieve net zero, the majority of homes must be retrofitted with energy efficiency measures, and gas boilers replaced with low carbon heating such as air-source heat pumps, by 2030. The Council can influence this through:
    - Investment in retrofitting Council homes which will reduce the borough's emissions and grow the market for retrofit, driving down cost.
    - Energy planning and investment to bring about district heating networks.
    - Information and incentives to homeowners and landlords encourage retrofit.
    - Enforcement of Minimum Energy Efficiency Standards for landlords.

39. £213m has been identified as required to decarbonise our housing stock and this is included within the 12-year Housing Asset Management Capital Strategy. This Strategy assumes costs of 50% at £106.5m with a view to bidding for government funding and in achieving cost and programme synergies of carrying these works out in conjunction with the other works identified.

Invest to Save Projects

40. The Council has a number of Invest to Save projects, both in train and planned, which will deliver future revenue savings. This expenditure can be funded from available General Fund capital receipts under Flexible Use of Capital Receipts dispensation. This enables the Council to preserve its reserves and free them up to meet expenditure pressures or to invest in priorities. More detailed guidance on Flexible Use of Capital Receipts as well as a summary of the current Invest to Save projects to be capitalised under this dispensation in 2021/22 and 2022/23 can be found in Appendix 5 of this report.

Health and Safety

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

Other schemes

42. The Council's Capital Programme contains a number of schemes which are necessary investments in the Council's assets to ensure their sustainability, to address health and safety and legislative requirements and to provide future revenue savings. Examples of such schemes are:
    - Schools Maintenance Programme
    - Schemes funded from ring-fenced resources within the Housing Revenue Account (HRA) such as major refurbishments, heating works, lift works, garage improvements, electrical installations, estate roads, disabled adaptations, etc.

- Required investment from Council resources, including capital receipts, to support strategic priorities such as investment in the highways' infrastructure, ICT, asset management and parks.

43. The Council set out its strategic ambition around specialist housing (short and long-term care and accommodation for groups such as care leavers, rough sleepers etc) through a report to Cabinet in December 2018. This provided an anchor for future investment decisions and strategic commissioning around these key preventative services. There are issues with supply of this type of housing, and the suitability of the borough's current stock to meet changing needs, much of which is owned and operated by housing associations. The Council continues work on understanding the type of capital investment required and the levers for renewing this portfolio of assets which can help to reduce current and future pressures on the Council's revenue budget. This work will help define future calls on the Council's capital programme.

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

Governance

45. As part of being ruthlessly financially efficient, the Council has arrangements in place to ensure capital and other major projects are managed to achieve greater efficiency and improve delivery, improving the management of capital projects and introducing new reporting systems to tighten up oversight. The reforms include:
    - A monthly Finance Strategic Leadership Team (SLT) is chaired by the Director of Finance. In addition to revenue budgets, S106, commercial income and audit issues, its remit includes major programmes, including large capital schemes such as the affordable housing development programme. Programme highlight reports and gateway reviews, capital and monitoring are routinely discussed.
    - Capital project management – SLT directors must involve finance at the inception of significant capital projects to consider business cases (including affordability, best value, funding and ongoing revenue costs and savings).
    - Departments with significant capital spend have their own Capital Boards, attended by Finance.
    - Specific decision making, governance and oversight arrangements are in place for significant projects such as the Civic Campus (Executive and Member Oversight Boards) and the Development Board for the Building Homes and Communities Strategy.

46. Through the gateway and highlight/ exception report process for major programmes, Finance SLT (or a board reporting to Finance SLT) will:
    - consider the funding and feasibility of large new schemes
    - review business cases, approvals, and variations, signing off draft
    - reports to Cabinet
    - monitor process in the procurement and delivery of capital works to programme
    - monitor actual spend and forecast against budgets.

47. The Programme Management Office (PMO) has been set up to help people who deliver programme and projects across the Council. It will also provide the SLT with improved oversight and confidence around our major projects and programmes. The

main objectives of PMO are to ensure the strategic alignment of projects and programmes, provide expert advice and support to directorates and bring all projects and programmes under one umbrella.

Decision making

48. Council capital investments should be made in line with the Capital Strategy priorities which are set out in this document. Capital expenditure is spent on the purchase or improvement of assets that have a long-term value to the Council, such as land and buildings. It is the Council's policy to capitalise any expenditure, over a total value of £10,000, which fulfils this criterion.

49. The capital expenditure and investment decision making process is the governance framework used by the Council when making decisions relating to the capital programme. All expenditure must be formally authorised, to ensure funding is in place and clearly understood before any spending decisions are taken. Financial regulations and the scheme of delegation must be adhered to. Other relevant financial controls are:
    - Any call on reserves will need to be authorised by the Director of Finance in consultation with the Chief Executive and Cabinet Member for Finance and Commercial Services.
    - All decisions reports will only be progressed if they are fully funded before any spend is incurred
    - All Cabinet Member Decisions, Cabinet, and Policy and Accountability Committee (PAC) reports must include full and transparent financial impact section prepared by finance officers (with final sign off by Director of Finance)
    - Leader's Urgency reports will only be used in exceptional circumstances and these must be cleared in advance by the Chief Executive. The Director of Finance must fully consider the financial impact. A Cabinet Urgency Committee has also been established to ensure decisions can be made quickly where these are urgent.
    - Committee services will ensure that the correct review and sign off requirements have been followed before any papers are dispatched.

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

51. Detailed monitoring is also undertaken of significant projects and reported to Finance SLT and the Cabinet Member for Finance and Commercial Services.

Finance Strategy

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

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

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

APPENDIX 5 - FLEXIBLE USE OF CAPITAL RECEIPTS GUIDANCE AND PROPOSED APPLICATION (2022/23)

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX 6 - MINIMUM REVENUE PROVISION (MRP) STATEMENT 2022/23

1. This statement covers the minimum revenue provision (MRP) that Hammersmith & Fulham Council will set-aside from revenue to reduce borrowing and credit liabilities arising from capital expenditure.

2. Regulations 27 and 28 in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI3146, as amended] require local authorities to make a prudent amount of minimum revenue provision (MRP). The Secretary of State (Ministry for Housing, Communities and Local Government) issued statutory guidance on determining the “prudent” level of MRP, to which this Council is required to have regard, in 2018. This guidance applies for accounting periods starting on or after 1 April 2019. The MRP will, over time, reduce the CFR.

3. The statutory guidance lists a number of options for calculating MRP. In addition to MRP, authorities are able to make voluntary provisions to reduce the CFR. These provisions can be made from capital or revenue resources. Voluntary reduction of the CFR delivers a benefit to revenue in the subsequent year as it reduces the mandatory MRP charge.

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

Annual MRP Statement – frequency of update and approval

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

Meaning of “Prudent Provision”

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

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

7. MRP is calculated using Option 1 - Regulatory Method. The MRP formula contains a ‘floor’ - known as ‘Adjustment A’ - which has been individually fixed for all authorities. When the CFR drops below this level, MRP is no longer payable. For Hammersmith & Fulham, the floor has been set at £43.2m. In short, there is no revenue incentive to reduce the CFR below this level. For the expenditure above Adjustment A, the MRP rate will be calculated based on useful asset lives.

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

8. The guidance states for all capitalised expenditure incurred on or after 1 April 2008, which is (a) financed by borrowing or credit arrangements; and (b) treated as capital expenditure by virtue of either a direction under section 16(2)(b) of the 2003 Act or regulation 25(1) of the 2003 Regulations, the authority should make MRP in accordance with Option 3 Asset Life Method. This method spreads the cost over the estimated life of an asset.

9. The determination as to which scheme is funded from borrowing and which from other sources shall be made by the Director of Finance. Where an asset is only temporarily funded from borrowing in any one financial year and it is intended that its funding be replaced with other sources by the following year, no MRP shall apply.

10. MRP commencement: When borrowing to provide an asset, the authority may treat the asset life as commencing in the year in which the asset first becomes operational. The Council's policy is to postpone beginning to make MRP until the financial year following the one in which the asset becomes operational. "Operational" here has its standard accounting definition. Investment properties should be regarded as becoming operational when they begin to generate revenues.

11. Loans and grants towards capital expenditure by third parties: MRP should be charged using useful economic life of the assets for in relation to which the third-party expenditure is incurred and similarly will be charged once assets are operational.

12. Finance leases and PFI: In the case of finance leases and on-balance sheet PFI contracts, the MRP requirement would be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability. Where a lease (or part of a lease) or PFI contract is brought onto the balance sheet, having previously been accounted for off-balance sheet, the MRP requirement would be regarded as having been met by the inclusion in the charge, for the year in which the restatement occurs, of an amount equal to the write-down for that year plus retrospective writing down of the balance sheet liability that arises from the restatement.

13. The Director of Finance is responsible for implementing the Minimum Revenue Provision Statement and has managerial, operational and financial discretion necessary to ensure that MRP is calculated in accordance with this Statement and with regulatory and financial requirements and resolve any practical interpretation issues.

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 07/02/2022

Subject: Capital Programme Monitor & Budget Variations, 2021/22 (Third Quarter)

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

Responsible Director: Emily Hill, Director of Finance

SUMMARY

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

RECOMMENDATIONS

1. To note the net forecast decrease in 2021/22 capital expenditure of £12m (9.4% of the approved budget). The variations are detailed in Appendix 2.

2. To approve the updated four-year capital programme 2021-2025 of £473.2m as detailed in Appendix 1.

3. To note the potential risks regarding the Housing Capital Programme, as summarised in paragraphs 20-22.

Wards Affected: All

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

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	All capital investment decisions are required to be underpinned by a robust business plan that sets out the full costs and risks and any expected financial return alongside the broader outcomes including economic and social benefits. Officers are responsible for monitoring and delivering projects within approved budgets and reporting variances. This report provides detailed analysis of the Council's capital programme financial position and highlights any potential risks and their impact on the Council's resources.

Financial Impact

This report is wholly of a financial nature.

The headline movements this quarter are:

- forecast capital expenditure over the next 4 years is £0.2m lower than forecast in quarter 2.
- a net decrease in forecast 2021/22 expenditure of £12m. The variations are detailed in Appendix 2.

Covid-19 is impacting the previously approved capital programme:

- a number of schemes have experienced delays due to social distancing restrictions.
- the pandemic, and the potential for an economic downturn, may affect the expected costs, market for and viability of schemes – this will be kept under review and mitigating actions will be considered as necessary.

The 2021/22 Headline General Fund (GF) borrowing requirement (CFR) is forecast to increase by £52.6m over the next four years to support capital investment. This would result in an estimated additional revenue budget outgoing of £2.7m per annum by 2025/26.

The Housing Revenue Account 2021/22 borrowing requirement (HRA CFR) is forecast to increase by £25.1m to £258.1m. By the end of 2024/25 the HRA CFR is forecast to be £332.3m.

Legal Implications

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

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Background Papers Used in Preparing This Report

None

CAPITAL PROGRAMME 2021/22 – Q3 OVERVIEW

1. The Council’s capital programme as at the end of Quarter 3 is summarised in Table 1. Budgeted expenditure on the four-year programme has decreased by £0.2m since the previous quarter to £473.2m. This is primarily due to project timescales now extending beyond the four- year programme window.

Table 1 – Capital Programme 2021-25 with proposed 2021-22 Q3 variations

		Analysis of Movements (Q2 to Q3)						
	Revised Budget 2021/22 (Q2)	**Slippages from/(to) future years**	**Addition/ (Reduction)**	**Transfers**	**Total Variations**	**Revised Budget 2021/22 (Q3)**	**Future years indicative budget**	**Total Budget (All years)**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
CAPITAL EXPENDITURE								
Children's Services	3,410	(169)	-	-	(169)	3,241	7,327	**10,568**
Social Care	3,447	(957)	-	-	(957)	2,490	957	**3,447**
Environment Department	13,901	-	651	-	651	14,552	14,902	**29,454**
Finance and Resources Department	2,194	-	-	-	-	2,194	4,585	**6,779**
General Fund Schemes under the Economy Department	50,149	(11,218)	1,200	-	(10,018)	40,131	155,019	**195,150**
Sub-total (General Fund)	**73,101**	**(12,344)**	**1,851**	**-**	**(10,493)**	**62,608**	**182,790**	**245,398**
Economy Department-HRA Programme	55,127	(1,478)	-	-	(1,478)	53,649	174,193	**227,842**
Sub-total Economy Department (HRA)	**55,127**	**(1,478)**	**-**	**-**	**(1,478)**	**53,649**	**174,193**	**227,842**
Total Expenditure	**128,228**	**(13,822)**	**1,851**	**-**	**(11,971)**	**116,257**	**356,983**	**473,240**
CAPITAL FINANCING								
Specific/External Financing:								
Government/Public Body Grants	7,444	(957)	220	-	(737)	6,707	10,062	**16,769**
Grants and Contributions from Private Developers (includes S106/CIL)	19,575	-	-	-	-	19,575	24,623	**44,198**
Capital Grants/Contributions from Non-departmental public bodies	857	-	-	-	-	857	45	**902**
Capital Grants and Contributions from GLA Bodies	7,869	191	211	-	402	8,271	19,308	**27,579**
Leaseholder Contributions (Housing)	1,584	-	(526)	-	(526)	1,058	4,858	**5,916**
Sub-total - Specific Financing	**37,329**	**(766)**	**(95)**	**-**	**(861)**	**36,468**	**58,896**	**95,364**
Mainstream Financing (Internal):								
Capital Receipts - General Fund	1,627	(27)	-	-	(27)	1,600	13,911	**15,511**
Capital Receipts - HRA	7,629	-	(388)	-	(388)	7,241	9,381	**16,622**
Major Repairs Reserve (MRR)	16,245	-	(27)	-	(27)	16,218	51,048	**67,266**
Earmarked Reserves (Revenue)	1,167	-	-	-	-	1,167	-	**1,167**
Sub-total - Mainstream Funding	**26,668**	**(27)**	**(415)**	**-**	**(442)**	**26,226**	**74,340**	**100,566**
Borrowing-General Fund	38,409	(11,360)	1,420	-	(9,940)	28,469	149,576	**178,045**
Borrowing -HRA	25,822	(1,669)	941	-	(728)	25,094	74,171	**99,265**
Total Capital Financing	**128,228**	**(13,822)**	**1,851**	**-**	**(11,971)**	**116,257**	**356,983**	**473,240**

2. Forecast 2021/22 spend is £12m lower than reported in the second quarter. The main adjustments are for the reprofiling of budgets to/from future years, realignment of budgets and inclusion of new budgets approved in the last quarter. Full details are included in Appendix 2.

GENERAL FUND – MAINSTREAM PROGRAMME AND CAPITAL RECEIPTS

3. The General Fund (GF) mainstream programme cuts across the departments and represents schemes which are funded from Council resources (capital receipts, revenue contributions or borrowing). It is the area of the programme

where the Council has the greatest discretion. The mainstream programme and quarter 3 movements are summarised in Table 2.

Table 2 – GF mainstream programme 2021-25 with proposed 2021-22 Q3 variations:

	Revised Budget 2021/22 (Q2) £'000	Variations (Q3) £'000	Revised Budget 2021/22 (Q3) £'000	Indicative Budget 2022/23 £'000	Indicative Budget 2023/24 £'000	Indicative Budget 2024/25 £'000	Total Budget (All years) £'000
Approved Expenditure							
Social Care Capital projects [ASC]	129	-	129	-	-	-	129
Invest to Save-Flexible Use of Capital Receipts [FIN]	1,500	-	1,500	4,285	-	-	5,785
Investment in Digital Infrastructure [RES]	694	-	694	300	-	-	994
Capital Investment in Street Lighting [ENV]	300	-	300	800	-	-	1,100
WMC JV Exit Costs [ECD]	1,998	-	1,998	-	-	-	1,998
Carnwath Road [ECD]	1,870	(1,870)	-	1,870	-	-	1,870
Hammersmith Bridge Strengthening [ENV]	887	220	1,107	1,946	-	-	3,053
Other Highways Capital Schemes [ENV]	42	-	42	-	-	-	42
North End Road - Good Growth Fund [ECD]	588	-	588	610	-	-	1,198
HRA Watermeadow adjustment [ECD]	-	-	-	1,432	-	-	1,432
Foster carers' extension [CHS]	189	(169)	20	169	-	-	189
Planned Maintenance/DDA Programme [ECD]	7,386	(4,923)	2,463	7,323	2,400	2,400	14,586
Electric Vehicles [ENV]	384	-	384	-	-	-	384
Footways and Carriageways [ENV]	2,797	-	2,797	2,030	2,030	2,030	8,887
Column Replacement [ENV]	382	-	382	346	346	346	1,420
Parks Programme & Libraries [ENV]	448	-	448	-	-	-	448
Hammersmith Town Hall Refurbishment* [ECD]	-	-	-	21,824	2,725	-	24,549
Community Schools Programme [ECD]	176	120	296	1,020	60	-	1,376
Education City regeneration [ECD]	-	-	-	-	3,500	-	3,500
Farm Lane/Mund Street [ECD]	565	-	565	1,439	-	-	2,004
Investment in Affordable Housing-Lillie Road Site [ECD]	834	-	834	910	-	-	1,744
Total Mainstream Programmes	**21,169**	**(6,622)**	**14,547**	**46,304**	**11,061**	**4,776**	**76,688**
Financing							
Capital Receipts	1,627	(27)	1,600	13,911	-	-	15,511
Increase/(Decrease) in Borrrowing	19,542	(6,595)	12,947	32,393	11,061	4,776	61,177
Total Financing	**21,169**	**(6,622)**	**14,547**	**46,304**	**11,061**	**4,776**	**76,688**

4. The 2021/22 mainstream programme has decreased by £6.6m in comparison to the second quarter.

5. The mainstream programme presented in Table 2 does not include self-financing schemes (where the net General Fund revenue borrowing costs are nil). Appendix 5 details the self-financing schemes and their borrowing requirement.

6. A key financial focus of the capital monitoring report is the potential impact of capital expenditure on future borrowing and its revenue affordability. The Council's underlying need to borrow for a capital purpose is measured through the Capital Financing Requirement (CFR). The current forecast for the General Fund Headline CFR (excluding the self-financing schemes set out in Appendix 5) is £133.8m at the end of 2021/22, an in-year increase of £11.6m.

7. Over the next four years the underlying need to borrow is forecast to increase by £52.6m. By 2025/26 this will increase annual revenue borrowing costs by an estimated £2.7m. This will need to be allowed for within future budget planning and the medium-term financial strategy process.

8. In March 2019, Cabinet approved the Community Schools Programme and an associated budget to progress design work to Avonmore Primary School and Flora Gardens Primary School. An adjustment to this programme budget, of £1,200,000 (£600,000 per project) is recommended as part of this report, to continue to complete design work in close consultation with residents and the two schools.

9. The new budget will be funded initially from General Fund borrowing as part of the wider funding strategy for the project. The additional general fund borrowing requirement of £1.2m will result in further costs to revenue of estimated £63,000 per year, although the debt is expected to be funded ultimately through sales receipts of the market homes or transferred to the Housing Revenue Account with the interest serviced through rental income.

10. The capital receipts forecast is set out in Appendix 3. The use of capital receipts to fund new capital expenditure reduces the Council's need to borrow and avoids future revenue borrowing costs. The Council also continues to review and consider the potential flexible use of receipts to support invest to save schemes and protect reserves balances.

11. There are currently no forecast capital receipts beyond 2022/23. However, the Council's Property Transformation Strategy is systematically reviewing all assets as part of asset management best practice and as part of the wider accommodation strategy in light of the Council's 'Hello Hybrid Future' strategy. As part of this programme of work, surplus assets may be identified that cannot be re-purposed for other uses and that could be sold for a capital receipt to support the capital programme. Any decisions on asset disposals will be the subject of a future decision and report.

12. The amendments to the GF capital programme have affected the Council's forecast headline capital debt (CFR) as follows:

	Last forecast (2021/22 Q2)	**Current forecast (2021/22 Q3)**
General Fund CFR	**£m**	**£m**
2020/21 Closing CFR (actual)	122.16	122.16
2021/22 Closing CFR	140.34	133.75
2024/25 Closing CFR	172.42	174.75

13. The decrease in the forecast 2021/22 closing CFR largely reflects the reprofiling of forecast spend from 2021/22 to 2022/23.

14. The General Fund capital programme includes budgets for several regeneration schemes that are at an early stage. These include £6.3m for Farm Lane, Mund Street and Lillie Road developments, £3.4m for the Community Schools Programme and £3.5m for Watermeadow Joint Venture exit costs. Should these schemes not progress there is a risk that some, or all, of the expenditure may need to be written off to revenue as abortive costs. In line with the arrangements agreed in the Building Homes and Communities Strategy, the Development Board provides a gateway and governance process for these schemes before commitment of funds to manage and mitigate the risk of abortive costs.

HOUSING CAPITAL PROGRAMME OVERVIEW

15. Housing capital expenditure for 2021/22 is forecast at £53.6m and for the four-year programme to 2023/24 spend is expected to be £227.8m. The expenditure and funding analysis of the Housing Programme is summarised in Table 3 below.

Table 3 – Housing programme 2021-25 with proposed 2021-22 Q3 variations:

	Revised Budget 2021/22 (Q2) £'000	Total Variations £'000	**Revised Budget 2021/22 (Q3) £'000**	**Indicative 2022/23 Budget £'000**	**Indicative 2023/24 Budget £'000**	**Indicative 2024/25 Budget £'000**
Approved Expenditure						
HRA Asset Management and Compliance Programme	40,172	(390)	39,782	51,741	34,739	14,381
Building Homes and Communities Strategy	9,124	(1,088)	8,036	10,578	9,296	26,496
Other HRA Capital Schemes	5,831	0	5,831	2,067	10,638	14,257
Total Housing Programme	**55,127**	**(1,478)**	**53,649**	**64,386**	**54,673**	**55,134**
Available and Approved Resource						
Capital Receipts - Unrestricted	7,399	(388)	7,011	3,156	3,331	2,894
Capital Receipts - RTB (141)	230		230	-	-	-
Capital Receipts - GF	-	0	-	1,432	-	-
Major Repairs Reserve (MRR)	16,245	- 27	16,218	16,620	17,013	17,415
Contributions Developers (S106)	570	0	570	841	6,580	9,146
Contributions from leaseholders	1,584	(526)	1,058	1,598	1,811	1,449
Capital Grants from Central Government	450	-	450	-	-	-
Capital Grants and Contributions from GLA Bodies	634	-	634	746	3,308	6,468
RtB GLA Ringfence	2,052	191	2,243	1,960	2,249	2,005
Borrowing (HRA)	25,822	(728)	25,094	38,033	20,381	15,757
Borrowing (GF)	141	-	141	-	-	-
Total Funding	**55,127**	**(1,478)**	**53,649**	**64,386**	**54,673**	**55,134**

16. Within the Housing Capital Programme there has been a net budget decrease of £1.5m. Detailed analysis of the budget variances is presented in Appendix 2. The risks associated with funding the future years' Housing Capital Programme are summarised in paragraphs 20-22.

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

Table 4 – HRA CFR at Q3 2021-22 (including future years forecast):

HRA CFR Forecast	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	£m	**£m**	**£m**	**£m**	**£m**
Closing Forecast HRA CFR	233.05	258.14	296.17	316.55	332.31

18. The Housing Revenue Account 2021/22 CFR has increased by £25.1m in comparison to 2020/21. This is mainly due to 2020/21 budgets being reprofiled to 2021/22, HRA Asset Management and Compliance Programme budgets being brought forward from the future years due to accelerated works and a reduction in previously forecast funding resources. The HRA CFR is forecast to increase to £332.3m by the end of 2024/25.

19. Within the Quarter 3 monitoring report, a budget virement of £357,000 from the Structural Works scheme (sitting within the Safety Works category) to some of the Major Refurbishment schemes is being requested. This need for virement has arisen mainly on account of Extension of Time (EOT) costs due to delays related to Covid-19.

20. On 1 July 2019, Cabinet approved the Council’s Asset Management and Compliance Programme which has a focus on health and safety works. 2021/22 forecast spend includes £22.2m of expenditure related to Health & Safety, of which £14m is on specific fire safety capital works as detailed in Table 5 below. An updated Housing Revenue Account (HRA) 12 year Asset Management Capital Strategy was approved by Cabinet on 6 September 2021, this will be incorporated into the 2022/23-2025/26 Capital Programme for approval by Full Council in February 2022.

Table 5 – Compliance and Health and Safety forecast spend 2021/22

HRA Capital Programme: Health & Safety budget and forecast as at end of Quarter 3, 2021-22					
Approved Schemes	**Total Approved Budget £'000**	**Total Spend Forecast £'000**	**Approved Budget 2021-22 £'000**	**Actual Spend 2021-22 £'000**	**2021-22 Budget Variance £'000**
Fire Safety Compliance Programme	22,177	22,177	8,609	5,248	(3,361)
Fire Safety Complex Schemes	27,533	27,534	5,391	141	(5,250)
Safety Works - Electrical	18,283	18,313	6,147	1,735	(4,412)
Safety Works - Other	6,224	5,867	2,015	683	(1,332)
Total	**74,217**	**73,891**	**22,162**	**7,807**	**(14,355)**

HOUSING CAPITAL PROGRAMME RISKS

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

22. **S106 Funding**: Currently approved capital schemes (including part of Edith Summerskill development budget reprofiled to future years beyond 2024/25) rely on £20.7m of S106 receipts for affordable housing, of which £16.1m has been received to date with the remainder dependent on the associated developments proceeding in a timely manner. The impact of Covid-19 on the progress of developments and related developer contributions is being monitored jointly with Finance and Planning and mitigating actions will be considered if necessary, such as substituting other funding in the Housing programme, on a temporary or permanent basis.

23. **Right to Buy (RtB) funding (receipts retained by Council):** RtB 1-4-1 receipts need to be repaid with interest to Central Government where these are not used within five years of receipt. There is therefore a financial risk if affordable housing schemes do not proceed to programme. These receipts are ringfenced to the provision of affordable housing. At 1 April 2021, the Council has £7.8m of retained receipts and the current pipeline of schemes will be sufficient to make use of these receipts if delivered on time.

24. **RtB funding (receipts held by GLA and returned to the council via grants):** The Council has an agreement with the Greater London Authority (GLA) which gives the Council a further three years to use any receipts (plus interest) paid to Central Government after they have been held by the Council for five years (eight years in total). As at 1 October 2021, the GLA held £23.9m of Hammersmith & Fulham RTB receipts which need to be used by Q2 2023/24. This is the equivalent of £79m[1] of capital expenditure where the relevant projects need to have at least started on site within the next two years. The approved schemes and the pipeline[2] are sufficient to make use of these receipts if delivered on time, however there are risks to meeting these deadlines due to further design work after extensive consultation being undertaken on the schools' regeneration schemes. To mitigate the risk of potential loss of grant funding, the Council is in regular discussion with the GLA about the use of the receipts and their deadlines.

25. **Building Safety Bill and Fire Safety Act**: The Building Safety Bill is going through the Parliamentary process whereas the Fire Safety Act has been enacted. These will significantly impact on the Council in its role as landlord. Whilst the Council has already approved its current Asset Management and Compliance Programme, which is included in the Capital Programme, additional safety requirements and further significant capital requirements will need to be considered. An updated Asset Management Capital Strategy, setting out a 12-year plan, to be incorporated into the 2022/23 Capital Programme was agreed by Cabinet in September 2021. The impact of the proposals has been modelled in the latest HRA 40-year Business Plan and indicates a requirement for additional revenue savings to finance the significant capital servicing costs involved.

REASONS FOR DECISION

26. This report reports the quarter three position to Cabinet and seeks revisions to the Capital Programme which require the approval of Cabinet in accordance with the Council's financial regulations.

EQUALITY IMPLICATIONS

27. There are no direct equalities implications in relation to this report. This paper is concerned entirely with financial management issues and, as such, the

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[1] The latest MHCLG guidance states that 1-4-1 receipts received in the 2017/18 financial year or later can now fund 40% of the total development expenditure on eligible tenures, with the remaining 60% being funded from a mixture of non-housing receipts, S106 and borrowing. Officers continue to work through the implications of this guidance on the optimal allocation of funding to schemes.

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

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

IMPLICATIONS FOR BUSINESS

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

29. Projects contained in the capital programme are approved on individual basis and the business implications for each of them are considered in more detail in their specific reports.

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

RISK MANAGEMENT

30. In the initial stages of any development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views and interest of residents and stakeholders who must be consulted, ground conditions, or the costs of rectifying or demolishing existing buildings (e.g. the cost of asbestos removal). Construction companies and developers contracting with the Council which experience financial instability, particularly an issue following Covid-19 pandemic pressures or Brexit and the impact of cost inflation. They may not be able to raise sufficient finance to cash flow operations, any potential insolvency process could lead to a costly process of changing suppliers without any guarantee of remaining within overall budget, the Council could suffer direct financial loss and any defects or other issues may not be resolvable as anticipated. To mitigate the Council carefully considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible.

31. Large scale capital projects can operate in environments which are complex, turbulent, and continually evolving. Effective risk identification and control within such a dynamic environment is more than just populating a project risk register or appointing a project risk officer. Amplifying the known risks so that they are not hidden or ignored, demystifying the complex risks into their more manageable sum of parts and anticipating the slow emerging risks which can escalate rapidly are all necessary components of good capital programme risk management.

32. The report identifies a number of risks which may impact on the future funding of the Housing Capital Programme. It is important that strong corporate and directorate oversight and monitoring of these risks is maintained and

appropriate ongoing assurances provided to councillors on the management of these risks.

33. The impact to councils of the Grenfell Tower fire are yet to be fully established. It is certain that many councils are/will be undertaking property reviews to determine the levels of improvements required to ensure fire safety arrangements within their buildings meet both the expectations of the residents and that they comply with building regulations and other statutory duties. The Regulatory Reform (Fire Safety) Order 2005 places specific duties placed on the Council as the Responsible Person for its buildings to assess the risk from fire and put in measures to control those risks.

34. The Dame Judith Hackitt independent review of fire safety, following the Grenfell tragedy, recognises that High Rise Residential Buildings (10 Storeys and above) are a special risk where layers of fire protection must be put in place so as to reduce the risk to as low as reasonably possible, however reducing the risk for all residential accommodation is fundamental. This process is on-going and must be continually reviewed at least annually.

35. All works must comply with the Construction (Design and Management) Regulations. The Council must appoint a Principal Designer and Principal Contractor with the necessary and demonstrable expertise and competence.

36. Proposals set out in this report seek to comply with the Council's legal duties.

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

VAT IMPLICATIONS

37. The Council needs to carefully consider its VAT partial exemption calculation and the risk of breaching the partial exemption threshold. Capital projects represent the bulk of this risk. A breach would likely cost the Council between £2-£3m per year whilst in breach. Finance are working closely with departments to ensure that partial exemption risks are considered as part of significant capital projects. Further detail on the Council's partial exemption is included in Appendix 4.

Implications verified by: Chris Harris, Chief Accountant, Corporate Finance, Tel: 020 8753 6440.

LIST OF APPENDICES:
Appendix 1 – Detailed capital budget, spend and variation analysis by department
Appendix 2 – Analysis of budget variations
Appendix 3 – Capital receipts forecast
Appendix 4 – VAT partial exemption
Appendix 5 – Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP)

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

Children's Services	**Current Year Programme**						**Indicative Future Years Analysis**			
		Analysis of Movements (Q2 to Q3)								
	Revised Budget 2021/22 (Q2) **£'000**	*Slippages from/(to) future years* *£'000*	*Additions/ (Reductions)* *£'000*	*Transfers* *£'000*	**Total Transfers/ Virements** **£'000**	**Revised Budget 2021/22 (Q3)** **£'000**	**2022/23 Budget** **£'000**	**2023/24 Budget** **£'000**	**2024/25 Budget** **£'000**	**Total Budget (All years)** **£'000**
Scheme Expenditure Summary										
SEN sufficiency	200	-	-	-	**-**	**200**	650	650	-	1,500
Foster carers' extension	189	(169)	-	-	**(169)**	**20**	169	-	-	189
Old Oak	45	-	-	-	**-**	**45**	-	-	-	45
Caretakers' lodges	15	-	-	-	**-**	**15**	-	-	-	15
School Maintenance Programme	2,961	-	-	-	**-**	**2,961**	2,929	2,929	-	8,819
Total Expenditure	**3,410**	**(169)**	**-**	**-**	**(169)**	**3,241**	**3,748**	**3,579**	**-**	**10,568**
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	3,176	-	-	-	**-**	**3,176**	3,579	3,579	-	10,334
Grants and Contributions from Private Developers (includes S106)	45	-	-	-	**-**	**45**	-	-	-	45
Sub-total - Specific or Other Financing	**3,221**	**-**	**-**	**-**	**-**	**3,221**	**3,579**	**3,579**	**-**	**10,379**
Mainstream Financing (Internal Council Resource)										
Capital Receipts	47	(27)	-	-	**(27)**	**20**	27	-	-	47
Sub-total - Mainstream Funding	**47**	**(27)**	**-**	**-**	**(27)**	**20**	**27**	**-**	**-**	**47**
Borrowing	142	(142)	-	-	**(142)**	**-**	142	-	-	142
Total Capital Financing	**3,410**	**(169)**	**-**	**-**	**(169)**	**3,241**	**3,748**	**3,579**	**-**	**10,568**

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

Social Care Services	**Current Year Programme**						**Indicative Future Years Analysis**			
		Analysis of Movements (Q2 to Q3)								
	Revised Budget 2021/22 (Q2)	*Slippages from/(to) future years*	*Additions/ (Reductions)*	*Transfers*	**Total Transfers/ Virements**	**Revised Budget 2021/22 (Q3)**	**2022/23 Budget**	**2023/24 Budget**	**2024/25 Budget**	**Total Budget (All years)**
	£'000	*£'000*	*£'000*	*£'000*	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Scheme Expenditure Summary										
Extra Care New Build project (Adults' Personal Social Services Grant)	957	(957)	-	-	**(957)**	**-**	957	-	-	957
Disabled Facilities Grant	1,342	-	-	-	**-**	**1,342**	-	-	-	1,342
Transforming Care (Winterbourne Grant)	300	-	-	-	**-**	**300**	-	-	-	300
Social Care Capital Projects	848	-	-	-	**-**	**848**	-	-	-	848
Total Expenditure	**3,447**	**(957)**	**-**	**-**	**(957)**	**2,490**	**957**	**-**	**-**	**3,447**
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	3,018	(957)	-	-	**(957)**	**2,061**	957	-	-	3,018
Capital Grants/Contributions from Non-departmental public bodies	300	-	-	-	**-**	**300**	-	-	-	300
Sub-total - Specific or Other Financing	**3,318**	**(957)**	**-**	**-**	**(957)**	**2,361**	**957**	**-**	**-**	**3,318**
Borrowing	129	-	-	-	**-**	**129**	-	-	-	129
Total Capital Financing	**3,447**	**(957)**	**-**	**-**	**(957)**	**2,490**	**957**	**-**	**-**	**3,447**

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

Environment Department	Current Year Programme						Indicative Future Years Analysis			
		Analysis of Movements (Q2 to Q3)								
	Revised Budget 2021/22 (Q2) £'000	*Slippages from/(to) future years £'000*	*Additions/ (Reductions) £'000*	*Transfers £'000*	**Total Transfers/ Virements £'000**	**Revised Budget 2021/22 (Q3) £'000**	**2022/23 Budget £'000**	**2023/24 Budget £'000**	**2024/25 Budget £'000**	**Total Budget (All years) £'000**
Scheme Expenditure Summary										
Footways and Carriageways	2,598	-	-	-	**-**	**2,598**	2,030	2,030	2,030	8,688
Transport For London Schemes	1,405	-	(9)	-	**(9)**	**1,396**	-	-	-	1,396
Safer Cycle Pathway (TFL/S278 funded)	1,340	-	-	-	**-**	**1,340**	-	-	-	1,340
Hammersmith Bridge Existing Works	1,315	-	-	-	**-**	**1,315**	-	-	-	1,315
Hammersmith Bridge Stabilisation Works	2,400	-	660	-	**660**	**3,060**	5,840	-	-	8,900
Electric Vehicle Infrastructure	216	-	-	-	**-**	**216**	-	-	-	216
Column Replacement	351	-	-	-	**-**	**351**	346	346	346	1,389
Other Highways Capital Schemes	1,017	-	-	-	**-**	**1,017**	994	-	-	2,011
Carbon Reduction and Offset Schemes	65	-	-	-	**-**	**65**	-	-	-	65
Bloemfontein Road (Thames Water/Suds)	5	-	-	-	**-**	**5**	-	-	-	5
Public CCTV	285	-	-	-	**-**	**285**	-	-	-	285
Capital Investment in Street Lighting	300	-	-	-	**-**	**300**	800	-	-	1,100
Parks Capital Rolling Programme	180	-	-	-	**-**	**180**	-	-	-	180
Other Parks Capital Schemes	75	-	-	-	**-**	**75**	-	-	-	75
Fulham Football Club -Bishops Park	483	-	-	-	**-**	**483**	-	-	-	483
Containers (Recycling/Food)	44	-	-	-	**-**	**44**	-	-	-	44
Electric Vehicles	698	-	-	-	**-**	**698**	-	-	-	698
Other (Delivery, RFID, Charge Points)	167	-	-	-	**-**	**167**	-	-	-	167
Leisure Centre Capital Investment	957	-	-	-	**-**	**957**	50	90	-	1,097
Total Expenditure	**13,901**	**-**	**651**	**-**	**651**	**14,552**	**10,060**	**2,466**	**2,376**	**29,454**

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

Environment Department	**Current Year Programme**						**Indicative Future Years Analysis**			
		Analysis of Movements (Q2 to Q3)								
	Revised Budget 2021/22 (Q2)	*Slippages from/(to) future years*	*Additions/ (Reductions)*	*Transfers*	**Total Transfers/ Virements**	**Revised Budget 2021/22 (Q3)**	**2022/23 Budget**	**2023/24 Budget**	**2024/25 Budget**	**Total Budget (All years)**
	£'000	*£'000*	*£'000*	*£'000*	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	800	-	220	-	**220**	**1,020**	1,947	-	-	2,967
Grants and Contributions from Private Developers (includes S106/S278)	1,696	-	-	-	**-**	**1,696**	999	90	-	2,785
Capital Grants/Contributions from Non-departmental public bodies	428	-	-	-	**-**	**428**	45	-	-	473
Capital Grants and Contributions from GLA	4,570	-	211	-	**211**	**4,781**	1,947	-	-	6,728
Sub-total - Specific or Other Financing	**7,494**	**-**	**431**	**-**	**431**	**7,925**	**4,938**	**90**	**-**	**12,953**
Mainstream Financing (Internal Council Resource)										
Capital Receipts	-	-	-	-	**-**	**-**	844	-	-	844
Use of Reserves	1,167	-	-	-	**-**	**1,167**	-	-	-	1,167
Sub-total - Mainstream Funding	**1,167**	**-**	**-**	**-**	**-**	**1,167**	**844**	**-**	**-**	**2,011**
Borrowing	5,240	-	220	-	**220**	**5,460**	4,278	2,376	2,376	14,490
Total Capital Financing	**13,901**	**-**	**651**	**-**	**651**	**14,552**	**10,060**	**2,466**	**2,376**	**29,454**

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

Finance and Resources Department	Current Year Programme						Indicative Future Years Analysis			
		Analysis of Movements (Q2 to Q3)								
	Revised Budget 2021/22 (Q2) £'000	*Slippages from/(to) future years £'000*	*Additions/ (Reductions) £'000*	*Transfers £'000*	Total Transfers/ Virements £'000	Revised Budget 2021/22 (Q3) £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary										
Invest to Save - Flexible Use of Capital Receipts	1,500	-	-	-	-	**1,500**	4,285	-	-	5,785
Investment in Digital Infrastructure	614	-	-	-	-	**614**	300	-	-	914
Business Intelligence Infrastructure	80	-	-	-	-	**80**	-	-	-	80
Total Expenditure	**2,194**	**-**	**-**	**-**	**-**	**2,194**	**4,585**	**-**	**-**	**6,779**
Capital Financing Summary										
Mainstream Financing (Internal Council Resource)										
Capital Receipts	1,580	-	-	-	-	**1,580**	4,285	-	-	5,865
Sub-total - Mainstream Funding	**1,580**	**-**	**-**	**-**	**-**	**1,580**	**4,285**	**-**	**-**	**5,865**
Borrowing	614	-	-	-	-	**614**	300	-	-	914
Total Capital Financing	**2,194**	**-**	**-**	**-**	**-**	**2,194**	**4,585**	**-**	**-**	**6,779**

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

Economy Department General Fund Managed Schemes	**Current Year Programme**						**Indicative Future Years Analysis**			
		Analysis of Movements (Q2 to Q3)								
	Revised Budget 2021/22 (Q2)	*Slippages from/(to) future years*	*Additions/ (Reductions)*	*Transfers*	**Total Transfers/ Virements**	**Revised Budget 2021/22 (Q3)**	**2022/23 Budget**	**2023/24 Budget**	**2024/25 Budget**	**Total Budget (All years)**
	£'000	*£'000*	*£'000*	*£'000*	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Scheme Expenditure Summary										
Civic Campus										
Hammersmith Town Hall Refurbishment	15,975	-	-	-	**-**	**15,975**	25,950	2,725	-	44,650
Acquisition of commercial units	8,965	(1,610)	-	-	**(1,610)**	**7,355**	17,281	31,171	-	55,807
Equity Loan (Civic Campus)	9,904	(1,735)	-	-	**(1,735)**	**8,169**	13,894	-	-	22,063
Subtotal Civic Campus	**34,844**	**(3,345)**	**-**	**-**	**(3,345)**	**31,499**	**57,125**	**33,896**	**-**	**122,520**
Building Homes and Communities Strategy (GF sites)										
Education City Loan	-	-	-	-	**-**	**-**	22,000	12,000	5,000	39,000
Education City -Youth Facility	-	-	-	-	**-**	**-**	579	4,671	-	5,250
Farm Lane	1,211	-	-	-	**-**	**1,211**	-	-	-	1,211
Mund Street	643	-	-	-	**-**	**643**	2,530	-	-	3,173
Community Schools Programme	176	(1,080)	1,200	-	**120**	**296**	1,020	60	-	1,376
Investment in Affordable Housing-Lillie Road Site	833	-	-	-	**-**	**833**	910	-	-	1,743
Subtotal Building Homes and Communities Strategy (GF sites)	**2,863**	**(1,080)**	**1,200**	**-**	**120**	**2,983**	**27,039**	**16,731**	**5,000**	**51,753**
Other GF Capital Schemes managed by the Economy										
Sands End Community Centre	129	-	-	-	**-**	**129**	-	-	-	129
Planned Maintenance/DDA Programme	7,385	(4,923)	-	-	**(4,923)**	**2,462**	7,323	2,400	2,400	14,585
Carnwath Road	1,870	(1,870)	-	-	**(1,870)**	**-**	1,870	-	-	1,870
North End Road - Business Low Emissions Neighbourhood	113	-	-	-	**-**	**113**	125	-	-	238
North End Road - Good Growth Fund	1,088	-	-	-	**-**	**1,088**	1,110	-	-	2,198
WMC JV Exit Costs	1,857	-	-	-	**-**	**1,857**	-	-	-	1,857
Subtotal Other GF Capital Schemes managed by the Economy	**12,442**	**(6,793)**	**-**	**-**	**(6,793)**	**5,649**	**10,428**	**2,400**	**2,400**	**20,877**
Total Expenditure	**50,149**	**(11,218)**	**1,200**	**-**	**(10,018)**	**40,131**	**94,592**	**53,027**	**7,400**	**195,150**

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

Economy Department General Fund Managed Schemes	**Current Year Programme**						**Indicative Future Years Analysis**			
		Analysis of Movements (Q2 to Q3)								
	Revised Budget 2021/22 (Q2) **£'000**	*Slippages from/(to) future years* *£'000*	*Additions/ (Reductions)* *£'000*	*Transfers* *£'000*	**Total Transfers/ Virements** **£'000**	**Revised Budget 2021/22 (Q3)** **£'000**	**2022/23 Budget** **£'000**	**2023/24 Budget** **£'000**	**2024/25 Budget** **£'000**	**Total Budget (All years)** **£'000**
Capital Financing Summary										
Specific/External or Other Financing										
Grants and Contributions from Private Developers (includes S106)	1,289	-	-	-	**-**	**1,289**	1,670	1,171	-	4,130
Community Infrastructure Levy (CIL)	15,975	-	-	-	**-**	**15,975**	4,126	-	-	20,101
Capital Grants/Contributions from Non-departmental public bodies	129	-	-	-	**-**	**129**	-	-	-	129
Capital Grants and Contributions from GLA Bodies	613	-	-	-	**-**	**613**	625	-	-	1,238
Sub-total - Specific or Other Financing	**18,006**	**-**	**-**	**-**	**-**	**18,006**	**6,421**	**1,171**	**-**	**25,598**
Mainstream Financing (Internal Council Resource)										
Capital Receipts (GF)	-	-	-	-	**-**	**-**	7,323	-	-	7,323
Sub-total - Mainstream Funding	**-**	**-**	**-**	**-**	**-**	**-**	**7,323**	**-**	**-**	**7,323**
GF Borrowing	32,143	(11,218)	1,200	-	**(10,018)**	**22,125**	80,848	51,856	7,400	162,229
Total Borrowing	**32,143**	**(11,218)**	**1,200**	**-**	**(10,018)**	**22,125**	**80,848**	**51,856**	**7,400**	**162,229**
Total Capital Financing	**50,149**	**(11,218)**	**1,200**	**-**	**(10,018)**	**40,131**	**94,592**	**53,027**	**7,400**	**195,150**

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

Economy Department- HRA Capital Programme	Current Year Programme						Indicative Future Years Analysis			
		Analysis of Movements (Q2 to Q3)								
	Revised Budget 2021/22 (Q2)	*Slippages from/(to) future years*	*Additions/ (Reductions)*	*Transfers*	**Total Transfers/ Virements**	**Revised Budget 2021/22 (Q3)**	**2022/23 Budget**	**2023/24 Budget**	**2024/25 Budget**	**Total Budget (All years)**
	£'000	*£'000*	*£'000*	*£'000*	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Scheme Expenditure Summary										
HRA Asset Management and Compliance Programme										
Pre Agreed Works	7,790	373	-	357	**730**	**8,520**	7,183	250	-	15,953
Fire Safety Compliance Programme	7,316	-	-	-	**-**	**7,316**	8,900	3,671	2,290	22,177
Fire Safety Complex Schemes	2,604	(607)	-	-	**(607)**	**1,997**	9,597	15,940	-	27,534
Pre Agreed Lift Scheme	3,175	-	-	-	**-**	**3,175**	2,285	-	-	5,460
Pre Agreed Boiler Scheme	2,762	-	-	-	**-**	**2,762**	2,500	2,500	2,270	10,032
Safety Works - Electrical	4,722	-	-	-	**-**	**4,722**	7,224	5,337	1,030	18,313
Safety Works	1,959	64	-	(357)	**(293)**	**1,666**	1,893	2,308	-	5,867
Void Works	3,280	(286)	-	-	**(286)**	**2,994**	2,504	-	-	5,498
Other Capital Improvements	2,114	66	-	-	**66**	**2,180**	4,905	1,133	666	8,884
Capitalised salaries	2,950	-	-	-	**-**	**2,950**	3,200	2,000	1,800	9,950
Capitalised repairs	1,500	-	-	-	**-**	**1,500**	1,550	1,600	1,650	6,300
Climate Emergency and Other future works	-	-	-	-	**-**	**-**	-	-	4,675	4,675
Subtotal HRA Asset Management and Compliance Programme	**40,172**	**(390)**	**-**	**-**	**(390)**	**39,782**	**51,741**	**34,739**	**14,381**	**140,643**
Building Homes and Communities Strategy (HRA sites)										
Homes & Communities Strategy	176	(41)	-	-	**(41)**	**135**	1,315	-	-	1,450
White City Estate Regeneration	2,914	(326)	-	-	**(326)**	**2,588**	386	386	386	3,746
Old Laundry Yard	100	(40)	-	-	**(40)**	**60**	1,111	-	-	1,171
Education City- HRA element	5,934	(681)	-	-	**(681)**	**5,253**	7,766	8,910	26,110	48,039
Subtotal Building Homes and Communities Strategy (HRA sites)	**9,124**	**(1,088)**	**-**	**-**	**(1,088)**	**8,036**	**10,578**	**9,296**	**26,496**	**54,406**
Other HRA Capital Schemes										
Housing Development Project	1,119	-	-	-	**-**	**1,119**	54	-	-	1,173
Stanhope Joint Venture	417	-	-	-	**-**	**417**	1,263	9,888	13,745	25,313
Affordable Housing Delivery Framework	146	-	-	-	**-**	**146**	-	-	-	146
Property Acquisition for Affordable Housing	755	-	-	-	**-**	**755**	-	-	-	755
Hartopp & Lannoy	2,971	-	-	-	**-**	**2,971**	750	750	512	4,983
Nourish Project (Good Growth Fund)	423	-	-	-	**-**	**423**	-	-	-	423
Subtotal Other HRA Capital Schemes	**5,831**	**-**	**-**	**-**	**-**	**5,831**	**2,067**	**10,638**	**14,257**	**32,793**
Total Expenditure	**55,127**	**(1,478)**	**-**	**-**	**(1,478)**	**53,649**	**64,386**	**54,673**	**55,134**	**227,842**

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

Economy Department- HRA Capital Programme	Current Year Programme						Indicative Future Years Analysis			
		Analysis of Movements (Q2 to Q3)								
	Revised Budget 2021/22 (Q2)	*Slippages from/(to) future years*	*Additions/ (Reductions)*	*Transfers*	**Total Transfers/ Virements**	**Revised Budget 2021/22 (Q3)**	**2022/23 Budget**	**2023/24 Budget**	**2024/25 Budget**	**Total Budget (All years)**
	£'000	*£'000*	*£'000*	*£'000*	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	450	-	-	-	**-**	**450**	-	-	-	450
Contributions from leaseholders	1,584	-	(526)	-	**(526)**	**1,058**	1,598	1,811	1,449	5,916
Grants and Contributions from Private Developers (includes S106)	570	-	-	-	**-**	**570**	841	6,580	9,146	17,137
Capital Grants and Contributions from GLA Bodies	634	-	-	-	**-**	**634**	746	3,308	6,468	11,156
RtB GLA Ringfence	2,052	191	-	-	**191**	**2,243**	1,960	2,249	2,005	8,457
Sub-total - Specific or Other Financing	**5,290**	**191**	**(526)**	**-**	**(335)**	**4,955**	**5,145**	**13,948**	**19,068**	**43,116**
Mainstream Financing (Internal Council Resource)										
Capital Receipts (HRA)	7,629	-	(388)	-	**(388)**	**7,241**	3,156	3,331	2,894	16,622
Major Repairs Reserve (MRR) / Major Repairs Allowance	16,245	-	(27)	-	**(27)**	**16,218**	16,620	17,013	17,415	67,266
Capital Receipts (GF)	-	-	-	-	**-**	**-**	1,432	-	-	1,432
Sub-total - Mainstream Funding	**23,874**	**-**	**(415)**	**-**	**(415)**	**23,459**	**21,208**	**20,344**	**20,309**	**85,320**
Borrowing(HRA)	25,822	(1,669)	941	-	**(728)**	**25,094**	38,033	20,381	15,757	99,265
Borrowing (GF)	141	-	-	-	**-**	**141**	-	-	-	141
Total Capital Financing	**55,127**	**(1,478)**	**-**	**-**	**(1,478)**	**53,649**	**64,386**	**54,673**	**55,134**	**227,842**

Appendix 2 – Analysis of budget variations

Variation by department	Amount £000
Children's Services Department	
Foster carer's extension – budget reprofiled to 2022/23 due to delay in start of works	(169)
Total Children's Services Department variations	**(169)**
Social Care Department	
Extra Care new build (Adults' Personal Social Services Grant) – budget reprofiled to future years due to the delays	(957)
Total Social Care Department variations	**(957)**
Environment Department	
Transport for London (TfL) Schemes – budget adjustment to reflect external grant received	(9)
Hammersmith Bridge Stabilisation Works – £2.9m additional budget approved in December 2021 and reprofiled across 2021/22 and 2022/23 financial years	660
Total Environment Department variations	**651**
General Fund schemes under Economy Department	
Civic Campus commercial units acquisition – budget adjustment to future years to reflect updated cash flow forecast	(1,610)
Civic Campus equity loan – budget adjustment to future years to reflect updated cash flow forecast	(1,735)
Community Schools Programme – £1.2m additional budget reprofiled across 2021/22 and future years	120
Carnwath Road – budget profiled to future years due to delays in the scheme start	(1,870)
Corporate Planned Maintenance Programme – budget reprofiled in line with spend	(4,923)
Total General Fund schemes under Economy Department variations	**(10,018)**
Economy Department (HRA) Schemes	
Education City Development – budget reprofiled to future years due to the delays in start on site	(681)
Asset Management and Compliance Programme – budget reprofiling to future years to reflect delays in programme of works on various sites/ schemes	(390)
White City Estate Regeneration – budget reprofiled to future years due to delay in start of the scheme	(326)
Homes & Communities Strategy – budget reprofiled to future years due to delays	(41)
Old Laundry Yard – budget reprofiled to future years due to delays	(40)
Total Economy Department (HRA) variations	**(1,478)**
Total 2021/22 Q3 variations	**(11,971)**

Appendix 3 – General Fund Capital Receipts Forecast

Financial Year	**Q3 2021/22**
2021/22	**£'000**
Brought forward receipts	1,580
Forecast capital receipts for the year	47
Cost of Sales (4%)	-
Total 2021/22	**1,627**
2022/23	
Forecast capital receipts for the year	14,435
Cost of Sales (4%)	(551)
Total 2022/23	**13,884**
Total All Years	**15,511**

Appendix 4 – VAT Partial Exemption

Partial exemption overview

In general, businesses cannot recover the VAT incurred on purchases made in connection with VAT exempt activities, for example, capital expenditure on properties which are let or leased are exempt from VAT. However, under Section 33 of the VAT Act 1994, local authorities are able to recover this VAT so long as it forms "an insignificant proportion" of the total VAT incurred (input tax) in any year, taken to be 5% or less. Crucially, the de minimis limit is not an allowance; if the 5% threshold is exceeded then all the exempt input tax is lost, not just the excess. A breach would likely cost the Council between £2-3m per year whilst in breach.

The Council's Partial Exemption

The Council's Partial Exemption position is currently being reviewed. When calculating the exempt input tax annually, the Council considers its revenue and capital activities separately. Revenue activities are more constant, their contribution to exempt input tax is projected to remain at £2m (the impact on the threshold being the VAT incurred on this amount, i.e. £0.4m). Exempt input tax relating to capital activities is more volatile and each project must be considered and judged individually. The Council has a number of capital projects, both in progress and in the pipeline, which could have significant partial exemption implications and finance officers are working closely with colleagues working on these projects to ensure that these risks are identified and mitigated where possible.

VAT Policy

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

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

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

1. The Capital Finance Requirement (CFR) measures the Council's long-term indebtedness. Table 1 below shows the Council's forecast total General Fund (GF) CFR for the period 2021/22-2024/25:

Table 1 - Forecast General Fund CFR 2021/22-2024/25 (Quarter 3)

GENERAL FUND CFR ANALYSIS	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS	**£m**	**£m**	**£m**	**£m**	**£m**
Opening Capital Finance Requirement (CFR)	**114.08**	**122.16**	**133.75**	**164.42**	**172.80**
Revenue Repayment of Debt (MRP)	(1.36)	(1.36)	(1.72)	(2.69)	(2.82)
Mainstream Programme (Surplus)/Shortfall	9.44	12.95	32.39	11.06	4.78
Closing Capital Finance Requirement (CFR)	**122.16**	**133.75**	**164.42**	**172.80**	**174.75**
SELF FINANCING SCHEMES AND LOANS	**2020/21** **£m**	**2021/22** **£m**	**2022/23** **£m**	**2023/24** **£m**	**2024/25** **£m**
Opening Capital Finance Requirement	**11.84**	**21.51**	**36.85**	**89.86**	**132.87**
Revenue Repayment of Debt (MRP)	(1.42)	(0.18)	(0.17)	(0.16)	(2.74)
In Year Borrowing	11.08	15.52	53.18	43.17	5.00
Closing Capital Finance Requirement	**21.51**	**36.85**	**89.86**	**132.87**	**135.13**
Finance leases/PFI/ Deferred costs of disposal	8.91	7.79	7.09	6.39	5.69
Total Closing GF CFR	**152.57**	**178.39**	**261.37**	**312.05**	**315.57**

2. The current forecast for the General Fund (GF) headline CFR is £133.8m at the end of 2021/22 and £174.8m by the end of 2024/25. The increase in GF headline CFR puts additional pressures on revenue budgets.

3. The headline CFR figures exclude:
   - £4.4m Schools Windows Replacement Programme
   - £32m equity loan to the Civic Campus joint venture
   - £63m investment in acquisition of Civic Campus commercial units
   - £39m development financing to EdCity Office Ltd.

4. Whilst these will have an impact on the Council's CFR, it is assumed that Minimum Revenue Payment (MRP) and interest costs will be fully funded and reimbursed through grant contributions, the charging of a state-aid compliant interest rate, the loan repayment, commercial income or reduction in revenue costs (e.g. lease rental payments).

5. CFR movements related to these schemes are presented under "Self-Financing Schemes and Loans" heading in the Table 1. CFR for these schemes is forecast to increase by £15.3m to £36.9m in 2021/22 and to £135.1m by the end of 2024/25. Table 2 details the CFR movements regarding these schemes:

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

	Revised Budget 2021/22 (Q2) £'000	Variations (Q3) £'000	Revised Budget 2021/22 (Q3) £'000	Indicative Budget 2022/23 £'000	Indicative Budget 2023/24 £'000	Indicative Budget 2024/25 £'000	Total Budget (All years) £'000
Approved Expenditure							
Ad Hoc Schemes:							
Education City -ARK loan	-	-	-	22,000	12,000	5,000	**39,000**
Acquisition of commercial units (Civic Campus) [ECD]	8,965	(1,610)	7,355	17,281	31,171	-	**55,807**
Equity Loan (Civic Campus) [ECD]	9,904	(1,735)	8,169	13,894	-	-	**22,063**
Total Mainstream Programmes	**18,869**	**(3,345)**	**15,524**	**53,175**	**43,171**	**5,000**	**116,870**
Financing							
Increase/(Decrease) in Borrrowing	18,869	(3,345)	15,524	53,175	43,171	5,000	**116,870**
Total Financing	**18,869**	**(3,345)**	**15,524**	**53,175**	**43,171**	**5,000**	**116,870**

6. Minimum Revenue Provision (MRP) is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans). This is an annual revenue expense in a Council's budget. The MRP will, over time, reduce the CFR.

7. The statutory guidance issued by the Secretary of State (Ministry for Housing, Communities and Local Government) details the ways MRP should be charged capital expenditure. MRP charges presented in the Table 1 follow this guidance and assume the following:
    - MRP charges are deferred for development projects until year after their completion. The rate charged is based on the estimated life of an asset (50 years for new developments).
    - MRP on rolling capital programmes and smaller scale ad hoc schemes is charged the year after the expenditure is incurred. The rate used is based on weighted average life of an assets (currently 3.34%).

London Borough of Hammersmith and Fulham

Report to: Cabinet

Date: 07/02/2022

Subject: Treasury Management Strategy Statement 2022/23

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

Report author: Phil Triggs, Director of Treasury and Pensions

Responsible Director: Emily Hill, Director of Finance

SUMMARY

This report sets out the Council's proposed Treasury Management Strategy Statement and Annual Investment Strategy for 2022/23 and seeks authority for the Director of Finance to deliver the treasury management activities as set out in the report.

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

RECOMMENDATIONS

1. That approval be given to the future borrowing and investment strategies as outlined in this report.
2. That the Director of Finance, in consultation with the Cabinet Member for Finance and Commercial Services, be delegated authority to manage the Council's cash flow, borrowing and investments in 2022/23 in line with this report.
3. In relation to the Council's overall borrowing for the financial year, to approve the Prudential Indicators as set out in this report and the revised Annual Investment Strategy set out in Appendix E.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
• Building shared prosperity	Achieve best value for money in investment and borrowing decisions.
• Being ruthlessly financially efficient	Effective management of the Council's cashflow resources.

Financial Impact

This report is wholly of a financial nature.

Legal Implications

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

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

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

The Treasury Management Strategy Statement and Annual Investment Strategy must both have regard to guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC) and must be approved by the Full Council.

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

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Background Papers Used in Preparing This Report – *ALL PUBLISHED*

- Treasury Management Strategy Statement 2021/22 (approved by Council February 2021)
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended
- MHCLG guidance on minimum revenue provision (4th Edition, 2018)
- MHCLG guidance on local government investments (3rd Edition, 2018)
- CIPFA Prudential Code for Capital Finance in Local Authorities (2018 Edition)
- CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2018 Edition)

DETAILED ANALYSIS

BACKGROUND

1. The Council is required to set a balanced budget, which means that resources available during the year is budgeted to meet expenditure. Part of the treasury management operation is to ensure that:
    - The Council's capital programme and corporate investment plans are adequately funded;
    - Cash flow is adequately planned, with cash being available when needed to discharge the Council's legal obligations and to deliver Council services;
    - Surplus monies are invested wisely, in counterparties or financial instruments commensurate with the Council's low risk appetite, providing security of capital and adequate liquidity before considering investment yield.

2. Treasury Management Strategies provide a guide to the borrowing needs of the Council, essentially longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. The management of longer-term cash may involve arranging long or short-term loans, using cash flow surpluses, or restructuring any debts previously transacted to meet Council risk or cost objectives.

3. The Council has formally adopted CIPFA's Code of Practice on Treasury Management (the Code). The Code and Cross Sectoral Guidance Notes issued in 2018 require that each local authority has a Treasury Management Policy Statement that is approved by the Full Council, and this is set out in Appendix A.

4. The Council also follows other key requirements of the Code as set out in Appendix B. Prospects for interest rate changes and investment returns have been considered in developing and updating the Council's Treasury Management Strategies. The Bank of England published its latest Monetary Policy report in November 2021. CPI inflation forecasts were revised to 4.3% in 2021, 3.4% in 2022 and 2.2% in 2023.

5. The Bank of England made a majority decision on 15 December 2021 to increase rates by 0.15% to 0.25%. The Council's treasury management advisors, Link Asset Services, are currently forecasting the rate to increase to 0.50% in June 2022, 0.75% in March 2023 and 1.00% in March 2024.

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

7. The remainder of this reports comprise the Council's Treasury Management Strategy Statement which covers three main areas as summarised below:

Borrowing

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

Capital spending plans

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

Managing cash balances and investments

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

8. The report summarises the key Prudential Indicators. These provide a reference point or “dashboard” so that senior officers and members can easily identify whether approved treasury management policies are being applied correctly in practice and take corrective action as required.

9. The Annual Investment Strategy in Appendix E provides more detail on how the Council’s surplus cash investments are to be managed in 2022/23 including approved schedules of specified and non-specified investments.

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

BORROWING

Overall borrowing strategy

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

12. Given the significant historic cuts to public expenditure and, in particular, local government funding, the Council’s borrowing strategy continues to address the

key issue of affordability without compromising the long-term stability of the debt portfolio. The key factors influencing the 2022/23 strategy are:

- forecast capital funding;
- the current economic and market environment; and
- interest rate forecasts.

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

14. However, officers are constantly reviewing the situation to see if this remains the appropriate solution, or whether the Council should undertake more long-term borrowing to match the anticipated Capital Financing Requirement (CFR) over the next few years. Given that the Council's resources available for internal borrowing are expected to reduce as capital spending intensifies, the Council needs to maintain flexibility to borrow at opportune moments in line with the approved Prudential Indicators.

15. All new Public Works Loan Board (PWLB) loans are subject to relevant gilt yields +0.80% (certainty rate).

Alternatives to PWLB

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

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

Range of options

18. Alternative options for funding to PWLB include:
    - Banks
    - Pension fund institutional investors
    - Bond issuance
    - The Municipal Bonds Agency

Banks

19. Discussions with the Council's treasury consultant suggest that the Council could access borrowing from banks. However, current PWLB certainty rate

pricing has resulted in banks being placed in an overly competitive environment.

Pension fund institutional investors

20. Initial indications have suggested that the Council may be able to borrow from institutional investors at rates of around gilt yield plus 1.00% for periods of over 30-40 years, via a private placement agreement (PPA). Such an arrangement will be subject to extensive negotiations with the lenders, who will need to carry out due diligence on a Council's finances, budgets and balance sheet. Again, the recent decision by the PWLB has resulted in a lower PWLB rate than expected from private placements.

Bond investors

21. A bond issuance would first require the Council to become credit rated by one (or more) of the major ratings agencies: Fitch, S&P or Moody's. This is a complex, lengthy, repetitive and costly process.

22. The precise rate offered will be market led and dependent on the financial resilience of the authority and the market's perception of its creditworthiness.

23. Councils with significant reserves and a record of not overspending on budget will be able to secure the most advantageous rates. Bond releases typically require a minimum size of at least £200m.

Municipal Bonds Agency

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

Future prospects

25. Alternative opportunities for the Council may well present themselves, and the borrowing strategy will be designed to allow for this. The 'benchmark' for a borrowing opportunity is regarded at around gilts +0.8%. It is unclear at this stage whether feasible PWLB competition will materialise, and it is likely to take some time to do so.

26. Officers will continue to explore alternatives to the PWLB, working with the Council's treasury advisor, Link Asset Services. PWLB rates will also be kept under regular and active review.

Investing Primarily for Yield

27. Under the new Public Work Loans Board (PWLB) framework, the Council will need to submit its three-year capital plan to the PWLB and classify under different areas of spend, listed below, with classification the responsibility of the S151 officer. Any monies lent by the PWLB would also need to be classified under the following areas of spend:

- Service spending
- Housing
- Regeneration
- Preventative action
- Treasury Management: refinancing and externalisation of internal borrowing

28. Under the PWLB criteria, it is stipulated: “Local authorities must not pursue a deliberate strategy of using private borrowing or internal borrowing to support investment in an asset that the PWLB would not support and then refinancing or externalising this with a PWLB loan.”

29. On transacting a PWLB loan, the S151 officer is required to confirm that the local authority is not borrowing in advance of need and does not intend to buy investment assets primarily for yield. When applying for a new PWLB loan, the Council will be asked to confirm that the latest plans submitted remain current and the assurance that they do not intend to buy investment assets primarily for yield remains valid.

30. The PWLB guidance defines investment assets bought primarily for yield as:

    - buying land or existing buildings to let out at market rate;
    - buying land or buildings which were previously operated on a commercial basis which is then continued by the local authority without any additional investment or modification;
    - buying land or existing buildings, other than housing, which generate income and are intended to be held indefinitely, rather than until the achievement of some meaningful trigger, such as the completion of land assembly;
    - buying a speculative investment asset (including both financial and non-financial assets) that generates yield without a direct policy purpose.

Limits on external borrowing

31. The Prudential Code requires the Council to set two limits on its total external debt, as set out in Table 1 below. The limits for 2022/23 have remained at the same level compared with the 2021/22 Treasury Management Strategy Statement (TMSS) to reflect slippage in the capital programme from previous years. The limits are:
    - **Authorised Limit for External Debt (Prudential Indicator 5a):** This is the limit prescribed by section 3(1) of the Local Government Act 2003, representing the maximum level of borrowing which the Council may incur. It reflects the level of external debt which, while not desired, could be afforded in the short term, but may not be sustainable in the longer term.
    - **Operational Boundary (Prudential Indicator 5b):** This is the limit which external debt is not normally expected to exceed. The boundary

is based on current debt plus anticipated net financing need for future years.

Table 1: Overall borrowing limits

	2021/22	2022/23	2023/24	2024/25
	Approved	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Authorised Limit for External:				
Borrowing and other long-term liabilities	550	650	700	700
Operational Boundary for:				
Borrowing	390	440	560	630
Other long-term liabilities	15	15	15	15
TOTAL	**405**	**455**	**575**	**645**

Maturity structure of borrowing

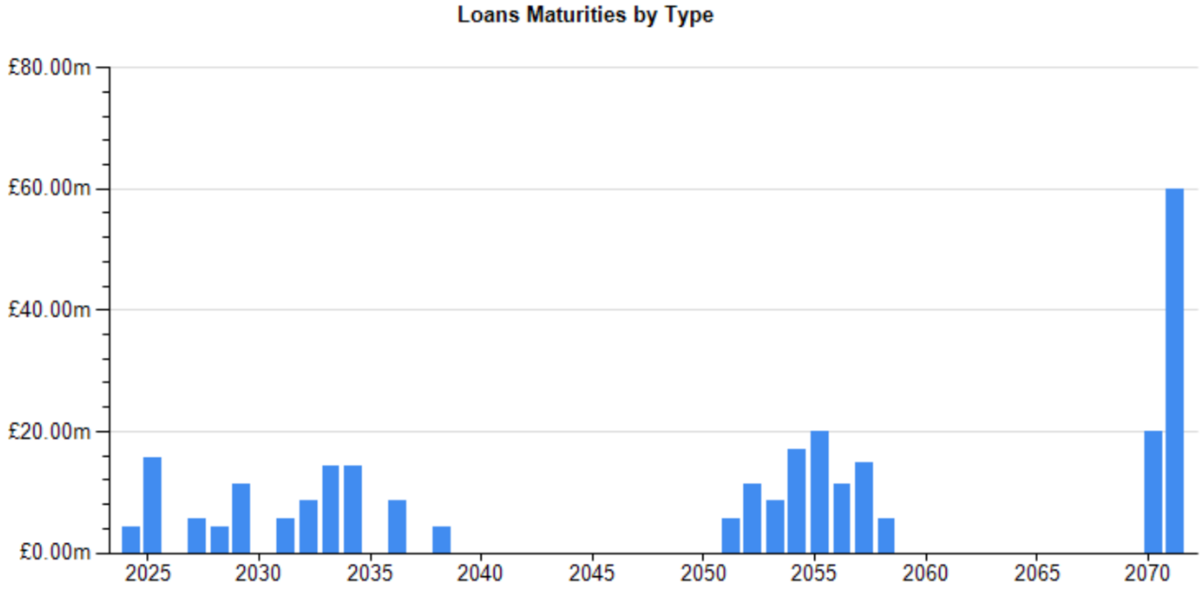
32. Managing the profile of when debt matures is essential for ensuring that the Council is not exposed to large, fixed rate sums falling due for refinancing within a short time period, and thus potentially exposing the Council to additional risk and cost. Table 2 below sets out current upper and lower limits for debt maturity which are unchanged from 2021/22.

Table 2: Debt maturity profile limits

Actual Maturity at 30 Sep 2021		Lower Limit	Upper Limit
%		%	%
0	Under 12 months	0	15
0	12 Months and within 24 Months	0	15
10	24 Months and within 5 years	0	60
8	5 Years and Within 10 Years	0	75
82	10 Years and Above	0	100

Maturity profile of long-term borrowing

33. The chart below shows that the principal repayment profile for current borrowing (as at 30 September 2021) remains within these limits.



Capital Financing Requirement (CFR)

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

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

Table 3a: Capital Financing Requirement forecast

2020/21 Actuals £m		2021/22 Forecast £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
	CFR as at 30 September				
153	General Fund Closing CFR (detail in Table 3b)	178	261	312	316
233	Closing Forecast HRA CFR (including deferred costs of disposal)	258	296	317	332
386	**TOTAL**	**436**	**557**	**629**	**648**
	Annual Change				
18	General Fund	26	83	51	4
17	HRA	25	38	21	15
35	**TOTAL**	**51**	**121**	**72**	**19**

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

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

2020/21 Actuals £m		2021/22 Forecast £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
122	General Fund CFR excluding self-financing schemes and loans	134	164	173	175
22	Self-financing schemes and loans	37	90	133	135
9	PFI and Finance lease liabilities	8	7	6	6
153	**TOTAL**	**178**	**261**	**312**	**316**

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

Table 4: Borrowing compared to the Capital Financing Requirement

2020/21 Actual £m		2021/22 Forecast £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
272	Gross Projected Debt	272	462	534	553
386	Capital Financing Requirement	436	557	629	648
114	**Under / (over) borrowing**	**165**	**95**	**95**	**95**

Affordability

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

Table 5: Ratio of capital financing costs to income

2020/21 Actual %		2021/22 Forecast %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %
(2.09)	General Fund	(0.62)	(0.13)	0.62	0.86
6.52	HRA	6.04	6.18	7.35	8.20

39. From 2022/23 onwards, gross capital financing charges (loan interest, MRP and finance and PFI payments) for the General Fund capital programme will start to increase as a proportion of the income from investments and the commercial property portfolio, as new debts are raised to close the gap between funding and the CFR.

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

Minimum Revenue Provision (MRP) Policy

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

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

Borrowing in advance of need

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

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

Debt rescheduling

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

46. The reasons for any rescheduling to take place will include:
    - generating cash savings and / or discounted cash flow savings;
    - helping to fulfil the treasury strategy; and
    - enhancing the balance of the portfolio by amending the maturity profile and/or the balance of volatility.

47. Consideration will also be given to identifying the potential for making savings by running down investment balances to repay debt prematurely as short-term rates on investments are likely to be lower than rates paid on current debt.

48. Any rescheduling must be authorised by the Director of Finance in consultation with the lead Cabinet Member.

CAPITAL

Capital spending plans

49. The Prudential Code requires that any borrowing and investment decisions are taken in the light of capital spending plans and consideration of how that proposed capital expenditure will be purchased. The Council's capital expenditure plans have been reported in the four-year capital programme 2021/22 to 2024/25 reported elsewhere on the Committee's agenda, both in terms of those agreed previously, and those forming part of the current budget cycle.

50. Any slippage against the capital programme, or new capital approvals, will impact on the figures reported throughout this report.

Housing Revenue Account (HRA) borrowing

51. From October 2018 onwards, local authorities with an HRA are no longer constrained by government controls over borrowing for house building and are able to borrow against their expected rental income, in line with the Prudential Code.

52. For the period 2021/22 to 2024/25, based on the planned four-year capital programme and due to reduced cash balances from the latter half of 2021/22 onwards, the HRA may need to actively consider new external borrowing.

53. Where the HRA is borrowing below its level of CFR and is under borrowed, the General Fund will make an accounting charge to the HRA based on the average one-year LIBOR rate applied to the under borrowed position.

Other investment opportunities

54. As well as investing in assets owned by the Council and used in the delivery of services, the Council also invests, or may invest, where appropriate, in:
    - Infrastructure projects, such as green energy;
    - Loans to third parties;
    - Shareholdings in limited companies and joint ventures.

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

MANAGING CASH BALANCES

Current position and cash flow forecast

56. Table 6 below shows that cash balances have increased by £43m in the past six months which is due to Government grants for COVID-19 support received during this period. The cash largely comprises the Council's usable reserves, capital receipts and unspent grants.

Table 6: Cash position at 30 September 2021

As at 31 March 2021			As at 30 September 2021	
Principal	Average Rate		Principal	Average Rate
£m	%		£m	%
		Investments		
297	0.1	Specified	340	0.0
0	0.0	Non-Specified	0	0.0
297		**Total**	**340**	
		Borrowing		
272	3.8	Public Works Loan Board	272	3.8
272		**Total**	**272**	

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

Prospects for investment returns

58. The Bank Rate was increased in December 2021 to 0.25%. The rate is predicted to remain at the same level until June 2022 where the forecasted rate is set at 0.75%. The Council should therefore see an increase in investment returns for 2022/23.

59. Money Market Funds (MMFs) yields have increased in recent months but still remain exceptionally low and the Debt Management Account Deposit Facility (DMADF) offer nil or negative rates for very short-term maturities.

60. The Table in Appendix C, provided by our treasury consultants, sets out the forecasted rates.

Council policy on investing and managing risk

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

Balancing short- and longer-term investments

62. During the first half of 2021/22, there have been no new investments of surplus funds for more than 364 days. The 2022/23 Annual Investment Strategy permits investing for more than 364 days. Using longer term maturity investments would improve yields; however, this needs to be balanced with liquidity needs.

Table 7: Investment limits

2020/21 Actual £m		2021/22 Forecast £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
0	Upper Limit for principal sums invested for more the 364 days	120	120	120	120

Annual Investment Strategy

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

64. The Local Government Act 2003 requires the Council to prepare an Annual Investment Strategy, setting out the Council’s policies for managing its

investments and for giving priority to the security and liquidity of those investments. This strategy is set out in Appendix E.

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

SUMMARY OF PRUDENTIAL INDICATORS (PIs)

66. The purpose of prudential indicators (PIs) is to provide a reference point or "dashboard" so that senior officers and Members can:
    - easily identify whether approved treasury management policies are being applied correctly in practice; and
    - take corrective action as required.

67. As the Council's S151 officer, the Director of Finance has responsibility to ensure that appropriate Prudential Indicators are set and monitored and that any breaches are reported to members. The Director of Finance has confirmed that the PIs set out below are all expected to be complied with in 2021/22 and it is not envisaged at this stage that there will be any difficulty in achieving compliance with the suggested indicators for 2022/23.

Indicator	2021/22 indicator	2021/22 forecast	2022/23 proposed
Capital expenditure	£162m	£116m	£191m
Capital Financing Requirement (CFR)	£481m	£436m	£557m
Net debt vs CFR	£95m underborrowed	£182m underborrowed	£95m underborrowed
Ratio of financing costs to revenue stream	GF (0.61%) HRA 6.34%	GF (0.62%) HRA 6.04%	GF (0.13%) HRA 6.18%
Authorised limit for external debt	£550m	£272m	£650m
Operational debt boundary	£495m	£272m	£570m
Working capital balance	£0m	£0m	£0m
Limit on surplus funds invested for more than 364 days (non-specified investments)	£120m	£0m	£120m
Maturity structure of borrowing	Upper limit under 12 months - 15% Lower limit 10 years and above - 100%	Upper limit under 12 months - 0% Lower limit 10 years and above - 100%	Upper limit under 12 months - 15% Lower limit 10 years and above - 100%

Reasons for Decision

68. This report represents the Council's Treasury Management Strategy Statement for 2022/2023. It is a regulatory requirement for this report to be reported to the Council. It is recommended that approval is given to the future borrowing and investment strategies as outlined in this report.

Equality Implications

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

Risk Management Implications

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

71. Treasury risks present themselves in many forms, from failure to optimise performance by not taking advantage of opportunities, to managing exposure to changing economic circumstances, most recently the situation is somewhat uncertain due to the impact of the pandemic. In adopting a policy of managing risk, an authority is determining its level of risk acceptance.

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

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

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

Climate and Ecological Emergency Implications

74. The Council will not intentionally place cash investment deposits which are inconsistent with its environmental and social policy objectives. This would

include avoiding direct investment in institutions where there is verifiable material links to harmful practices, such as human rights abuse or environmentally climate damaging activities.

75. The Council will consider investments that deliver environmental and social benefits, provided that security and liquidity criteria have already been met.

76. CIPFA has indicated that it may update the Prudential Code to include environmental, social and governance (ESG) factors in investment considerations. This will be integrated as part of counterparty credit risk, whereby the Council will be required to set out the organisation’s policies and practices relating to ESG factors when making investment decisions.

77. Any changes in the Prudential Code will be reflected in the next year’s Treasury Management Strategy Statement (TMSS). However, the Council will begin to further consider ESG implications during this financial year in preparation.

Local Economy and Social Value

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

Implications verified by: Nicki, Burgess, Economic Development Team, tel. 0208 753 5695

Consultation

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

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Appendix B: Meeting CIPFA requirements
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APPENDIX A

THE TREASURY MANAGEMENT POLICY STATEMENT

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

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

This Council defines its Treasury Management activities as:

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

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

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

APPENDIX B

MEETING CIPFA REQUIREMENTS

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

- Maintaining a Treasury Management Policy Statement setting out the policies and objectives of the Council’s treasury management activities

- Maintaining a statement of Treasury Management Practices that sets out the manner in which the Council will seek to achieve these policies and objectives

- Presenting the Full Council with an annual Treasury Management Strategy Statement, including an annual investment strategy (this report) and Minimum Revenue Provision policy for the year ahead (separate report on the agenda), a half year review report and an annual report (stewardship report) covering compliance during the previous year

- A statement of delegation for treasury management functions and for the execution and administration of treasury management decisions (see below).

- Delegation of the role of scrutiny of treasury management activities and reports to a specific named body. At the London Borough of Hammersmith & Fulham, this role is undertaken by the Audit Committee.

Treasury Management Delegations and Responsibilities

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

Council

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

Cabinet

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

Audit Committee

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

Section 151 Officer

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

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

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

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

Director of Treasury and Pensions

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

Treasury team

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

Training

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

Monitoring and Reporting

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

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

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

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

APPENDIX C

PROSPECTS FOR INTEREST RATES

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

Link Group Interest Rate View	20.12.21													
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Bank Rate														
Link	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
Capital Economics	0.25	0.25	0.50	0.75	0.75	0.75	0.75	1.00	1.00	-	-	-	-	-
5yr PWLB Rate														
Link	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
Capital Economics	1.40	1.40	1.50	1.50	1.60	1.70	1.70	1.80	1.90	-	-	-	-	-
10yr PWLB Rate														
Link	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
Capital Economics	1.60	1.60	1.70	1.70	1.80	1.80	1.90	2.00	2.00	-	-	-	-	-
25yr PWLB Rate														
Link	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
Capital Economics	1.80	1.80	1.90	1.90	2.00	2.10	2.10	2.20	2.30	-	-	-	-	-
50yr PWLB Rate														
Link	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Capital Economics	1.40	1.50	1.60	1.70	1.80	1.90	2.00	2.20	2.30	-	-	-	-	-

Source: Link Asset Services

2. The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until December 2021 when the rate was increased to 0.25%.

   - As shown in the forecast table above, the forecast for Bank Rate now includes four increases, one in June 2022 to 0.50%, then March 2023 to 0.75%, March 2024 to 1.00% and, finally, March 2025 to 1.25%.

Significant risks to the forecasts

3. Labour and supply shortages prove more enduring and disruptive and depress economic activity.

4. Mutations of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, resulting in further national lockdowns or severe regional restrictions.

5. The Monetary Policy Committee acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than currently anticipated.

6. The Monetary Policy Committee tightens monetary policy too late to ward off building inflationary pressures.

7. The Government acts too quickly to cut expenditure to balance the national budget.

8. UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

9. German general election in September 2021. Germany faces months of uncertainty while a new coalition government is cobbled together after the indecisive result of the election. Once that coalition is formed, Angela Merkel's tenure as Chancellor will end and will leave a hole in overall EU leadership.

10. Longer term US treasury yields rise strongly and pull gilt yields up higher than forecast.

11. Major stock markets e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.

12. Geopolitical risks, for example in Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

13. The balance of risks to the UK economy: -

14. The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

15. It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic: it should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. The forecast includes five increases in Bank Rate over the three-year forecast period to March 2025, ending at 1.25%. However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons: -

   - There are increasing grounds for viewing the economic recovery as running out of steam during the summer and now into the autumn. This could lead into stagflation which would create a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.

- Will some current key supply shortages spill over into causing economic activity in some sectors to take a significant hit?
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.
- On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?
- It is estimated that there were around 1 million people who came off furlough at the end of September; how many of those would not have had jobs on 1st October and would therefore be available to fill labour shortages which are creating a major headache in many sectors of the economy? So, supply shortages which have been driving up both wages and costs, could reduce significantly within the next six months or so and alleviate one of the MPC's key current concerns.
- It's also recognised that there could be further nasty surprises on the Covid front, on top of the flu season this winter, and even the possibility of another lockdown, which could all depress economic activity.
- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no deal Brexit.

16. In summary, with the high level of uncertainty prevailing on several different fronts, it is likely that these forecasts will be revised again over the next few months - in line with what the new news is.

17. It should also be borne in mind that Bank Rate being cut to 0.10% was an emergency measure to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away that final emergency cut from 0.25% to 0.10% on no other grounds than it being no longer being warranted and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

ECONOMIC UPDATE

1. COVID-19 vaccines. These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the Omicron mutation discovered at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This has dashed such hopes and raises the spectre again that a fourth wave of the virus could overwhelm hospitals in early 2022.

2. The mutation is very fast spreading with the potential for total case numbers to double every two to three days, although it possibly may not cause so much severe illness as previous mutations. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination, as a booster has been shown to restore a high percentage of immunity to Omicron to those who have had two vaccinations. There is now a race on between how quickly boosters can be given to limit the spread of Omicron, and how quickly will hospitals fill up and potentially be unable to cope. In the meantime, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues.

3. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in sectors like restaurants, travel, tourism and hotels which had been hit hard during 2021, but could now be hit hard again by either, or both, of government restrictions and/or consumer reluctance to leave home.

4. Growth will also be lower due to people being ill and not working. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid. However, the biggest impact on growth would come from another lockdown if that happened. The big question still remains as to whether any further mutations of this virus could develop which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.

A summary overview of the future path of Bank Rate

5. In December, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.

6. The next increase in Bank Rate could be in February or May, dependent on how severe an impact there is from Omicron.

7. If there are lockdowns in January, this could pose a barrier for the MPC to putting Bank Rate up again as early as 3rd February.

8. With inflation expected to peak at around 6% in April, the MPC may want to be seen to be active in taking action to counter inflation on 5th May, the release date for its Quarterly Monetary Policy Report.

9. The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.

10. Bank Rate increases beyond May are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.

11. However, the MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next down-turn; all rates under 2% are providing stimulus to economic growth.

12. Link have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.

13. Covid remains a major potential downside threat in all three years as there are likely to be further mutations. How quickly can science come up with a mutation proof vaccine, or other treatment, – and for them to be widely administered around the world?

14. Purchases of gilts under QE ended in December. When Bank Rate reaches 0.50%, the MPC has said it will start running down its stock of QE.

MPC meeting 16th December 2021

15. The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.

16. The MPC disappointed financial markets by not raising Bank Rate at its November meeting. Until Omicron, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.

17. In October, GDP rose 0.1% m/m which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government’s “Plan B” COVID-19 restrictions could cause the economy to contract in December.

18. On 14th December, the labour market statistics for the three months to October and the single month of October were released. The fallout after the furlough scheme was smaller and shorter than the Bank of England had feared. The single-month data were more informative and showed that LFS employment fell by 240,000, unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested this didn't last long as unemployment was falling again by the end of October. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the PAYE measure of company payrolls suggests that the labour market strengthened again in November. The other side of the coin was a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November fell for the first time since February, from 1.307m to 1.227m.

19. These figures by themselves, would probably have been enough to give the MPC the assurance that it could press ahead to raise Bank Rate at this December meeting. However, the advent of Omicron potentially threw a spanner into the works as it poses a major headwind to the economy which, of itself, will help to cool the economy. The financial markets, therefore, swung round to expecting no change in Bank Rate.

20. On 15th December Link had the CPI inflation figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).

21. Other elements of inflation are also transitory e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.

22. Although it is possible that the Government could step in with some fiscal support for the economy, the huge cost of such support to date is likely to pose a barrier to incurring further major economy wide expenditure unless it is very limited and targeted on narrow sectors like hospitality, (as announced just before Christmas). The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking!

23. This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a surprise increase in Bank Rate from 0.10% to 0.25%. What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote

to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week. The MPC commented that “there has been significant upside news” and that “there were some signs of greater persistence in domestic costs and price pressures”.

24. On the other hand, it did also comment that “the Omicron variant is likely to weigh on near-term activity”. But it stressed that at the November meeting it had said it would raise rates if the economy evolved as it expected and that now “these conditions had been met”. It also appeared more worried about the possible boost to inflation form Omicron itself. It said that “the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation”. It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning “global price pressures might persist for longer”. (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)

25. On top of that, there were no references this month to inflation being expected to be below the 2% target in two years’ time, which at November’s meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.

26. These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only a “modest tightening” in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. “Modest” seems slower than that. As such, the Bank could be thinking about raising interest rates two or three times next year to 0.75% or 1.00%.

27. In as much as a considerable part of the inflationary pressures at the current time are indeed transitory, and will naturally subside, and since economic growth is likely to be weak over the next few months, this would appear to indicate that this tightening cycle is likely to be comparatively short.

28. As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November’s statement that Bank Rate would be raised “in the coming months”. That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).

29. The MPC’s forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -

- Raising Bank Rate as “the active instrument in most circumstances”.

- Raising Bank Rate to 0.50% before starting on reducing its holdings.
- Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
- Once Bank Rate had risen to at least 1%, it would start selling its holdings.

30. US. Shortages of goods and intermediate goods like semi-conductors, have been fuelling increases in prices and reducing economic growth potential. In November, CPI inflation hit a near 40-year record level of 6.8% but with energy prices then falling sharply, this is probably the peak. The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decades high.

31. Shortages of labour have also been driving up wage rates sharply; this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.

32. Inflation hitting 6.8% and the feed through into second round effects, meant that it was near certain that the Fed's meeting of 15th December would take aggressive action against inflation. Accordingly, the rate of tapering of monthly $120bn QE purchases announced at its November 3rd meeting. was doubled so that all purchases would now finish in February 2022. In addition, Fed officials had started discussions on running down the stock of QE held by the Fed. Fed officials also expected three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. The first increase could come as soon as March 2022 as the chairman of the Fed stated his view that the economy had made rapid progress to achieving the other goal of the Fed – "maximum employment". The Fed forecast that inflation would fall from an average of 5.3% in 2021 to 2.6% in 2023, still above its target of 2% and both figures significantly up from previous forecasts. What was also significant was that this month the Fed dropped its description of the current level of inflation as being "transitory" and instead referred to "elevated levels" of inflation: the statement also dropped most of the language around the flexible average inflation target, with inflation now described as having exceeded 2 percent "for some time". It did not see Omicron as being a major impediment to the need to take action now to curtail the level of inflationary pressures that have built up, although Fed officials did note that it has the potential to exacerbate supply chain problems and add to price pressures.

33. EU. The slow role out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected

downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.

34. November's inflation figures breakdown shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose. Headline inflation reached 4.9% in November, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation is expected to plummet in 2022. Core goods inflation rose to 2.4% in November, its second highest ever level, and is likely to remain high for some time as it will take a long time for the inflationary impact of global imbalances in the demand and supply of durable goods to disappear. Price pressures also increased in the services sector, but wage growth remains subdued and there are no signs of a trend of faster wage growth which might lead to persistently higher services inflation - which would get the ECB concerned. The upshot is that the euro-zone is set for a prolonged period of inflation being above the ECB's target of 2% and it is likely to average 3% in 2022, in line with the ECB's latest projection.

35. ECB tapering. The ECB has joined with the Fed by also announcing at its meeting on 16th December that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases for over half of next year. However, as inflation will fall back sharply during 2022, it is likely that it will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below the ECB's target rate despite all its major programmes of monetary easing by cutting rates into negative territory and providing QE support.

36. The ECB will now also need to consider the impact of Omicron on the economy, and it stated at its December meeting that it is prepared to provide further QE support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.

37. The EU has entered into a period of political uncertainty where a new German government formed of a coalition of three parties with Olaf Scholz replacing Angela Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together. In France there is a presidential election coming up in April 2022 followed by the legislative election in June. In addition, Italy needs to elect a new president in January with Prime Minister Draghi being a favourite due to having suitable gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse. That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the EU. These political uncertainties could have repercussions on economies and on Brexit issues.

38. China. After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of 2020; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.

39. However, the pace of economic growth has now fallen back in 2021 after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. Chinese consumers are also being very wary about leaving home and so spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future. In addition, the current pace of providing boosters at 100 billion per month will leave much of the 1.4 billion population exposed to Omicron, and any further mutations, for a considerable time. The People's Bank of China made a start in December 2021 on cutting its key interest rate marginally so as to stimulate economic growth. However, after credit has already expanded by around 25% in just the last two years, it will probably leave the heavy lifting in supporting growth to fiscal stimulus by central and local government.

40. Supply shortages, especially of coal for power generation, were causing widespread power cuts to industry during the second half of 2021 and so a sharp disruptive impact on some sectors of the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

41. Japan. 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged. However, Omicron could reverse this initial success in combating Covid.

42. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was actually negative in July. New Prime Minister Kishida, having won the November general election, brought in a supplementary budget to boost growth, but it is unlikely to have a major effect.

43. World Growth. World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not

fall as quickly as central bankers would hope. It is likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

44. Supply shortages. The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

Source: Link Asset Services

APPENDIX E

ANNUAL INVESTMENT STRATEGY

1. The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves. During the first half of the current year, the Council's average investment balance has been around £263m. Investments are made with reference to the core balance, future cash flow requirements and the outlook for interest rates.

2. The Council's investment policy has regard to the DLUHC's Guidance on Local Government Investments ("the Investment Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

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

Investment return expectations

4. The Bank Rate is forecasted to gradually increase from 0.25% over the next three years, with the rate reaching 2.00% in the long term.

5. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long-term forecast is for periods over ten years in the future):

Average earnings in each year	
2022/23	0.50%
2023/24	0.75%
2024/25	1.00%
2025/26	1.25%
Long term later years	2.00%

Source: Link Asset Services

6. The overall balance of risk to economic growth in the UK is probably relatively even but is subject to major uncertainty due to the COVID-19 virus. There is relatively little UK domestic risk of substantial increases or decreases in the Bank Rate and shorter term PWLB rates until 2023/24 at the earliest.

Investment time limits

7. This limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment. For the year 2022/23, the proposed limit of investments for over 364 days is £120m as set out in the TMSS.

Investment Policy

8. The Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to assess continually and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

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

Creditworthiness Policy

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

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

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

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

    - the financial position and jurisdiction of the institution;
    - the market pricing of credit default swaps[1] for the institution;
    - any implicit or explicit Government support for the institution;
    - Standard & Poor, Moody's and Fitch short- and long-term credit ratings;
    - Sovereign ratings to select counterparties from only the most creditworthy countries; and

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

- Core Tier 1 capital ratios [2].

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

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

Specified and Non-specified investments

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

- The investment and any associated cash flows are denominated in sterling;
- The investment has a maximum maturity of one year;
- The investment is not defined as capital expenditure; and
- The investment is made with a body or in an investment scheme of high credit quality; or with the UK Government, a UK Local Authority or parish/community council.

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

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

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

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

16. All investments with local authorities will be subject to due diligence review of their accounts and financial health by the Tri-Borough Director of Treasury and Pensions and agreed with the Director of Finance.

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

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

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

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

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

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

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

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

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

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

Country of Domicile

19. The current TMSS allows deposits / investments with financial entities domiciled in the countries listed at the foot of the schedule of investments table.

Schedule of investments

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

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

All investments listed below must be sterling denominated

Investments	Minimum Credit Rating Required (Fitch/Moody's/S&P)	Maximum Individual Counterparty Investment Limit £m	Maximum tenor	Changes from the 2021/22 TMSS
DMO Deposits	Government Backed	Unlimited	6 months	No change
UK Government (Gilts/T-Bills/Repos)	Government Backed	Unlimited	Unlimited	No change
Supra-national Banks, European Agencies	LT: AA-/Aa3/AA-	£100m	5 years	No change
Covered Bonds	LT: AA+/Aa1/AA+	£100m	5 years	No change
Network Rail	Government guarantee	£200m maximum	Oct-52	No change
Collective Investment Scheme Investment Grade Bond Fund	Due diligence	£30m	Daily pricing	No change
GLA	N/A	GLA: £100M	3 years	No change
UK Local Authorities (LA)		LA: £30m per LA, per criteria £200m in aggregate	3 years	No change
Commercial Paper issued by UK and European Corporates	LT: AA-/Aa3/AA- ST: F1+/P-1/A-1+	£20m per name £80m in aggregate	1 year	No change
Money Market Funds (MMF)	LT: AAA by at least one of the main credit agencies	£45m per Fund Manager £300m in aggregate	3-day notice	No change
Enhanced Money Funds (EMF)	LT: AAA by at least one of the main credit agencies	£25m per fund manager, £100m in aggregate	Up to 7 day notice	No change

Investments	Minimum Credit Rating Required	Maximum Individual Counterparty Investment Limit	Maximum tenor	Changes from the 2021/22 TMSS
	Fitch/Moody’s/S&P	£m		
UK Bank (Deposit/ Certificates of Deposit/ Short Dated Bonds)	LT: AA-/Aa3/AA- **or** UK Government Ownership greater than 25%	£70m	3-5 years	No change
	LT: A-/A3/A-	£50m	1-3 years	No change
	ST: F2/P-2/A-2	£50m	0-1 year	No change
Non-UK Bank (Deposit/Certificates of Deposit/Short Dated Bonds)	LT: AA-/Aa2/AA-	£50m	1-3 years	No change
	ST: F2/P-2/A-2	£30m	0-1 year	No change
Green Energy Bonds	Internal and External due diligence	Less than 25% of the total project investment or maximum of £20m per bond.	10 years	No change
		£50m in aggregate		
Rated UK Building Societies	LT: A3/A-	£30m	3 years	No change
	ST: F2/P-2/A-2			
Sovereign approved list (AA- rated and above):	Abu Dhabi (UAE), Australia, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Luxembourg, Netherlands, Norway, Qatar, Singapore, Sweden, Switzerland, UK and USA			

UK T-Bills: UK Government Treasury Bills (T-Bills) are short term promissory notes issued by the UK Government at a discount to par, for tenors of up to one year.

UK Gilts: UK Government Gilts provide a greater yield than cash deposits with the DMO.

UK Government repurchase agreements (Repos): UK Government repurchase agreements are the purchase of UK Government securities with an agreement to resell them back at a higher price at a specific future date.

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

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

Network Rail: All Network Rail infrastructure debt is directly and explicitly backed by a financial indemnity from the Secretary of State for Transport acting for and on behalf of the government of the United Kingdom of Great Britain. The financial indemnity is a direct UK sovereign obligation of the crown and cannot be cancelled for any reason (prior to its termination date in October 2052). Propose to change TMSS limit to £200m and set the maximum maturity to Oct 2052.

APPENDIX F

CREDIT RATINGS

Moodys		S&P		Fitch		Description	
LT	ST	LT	ST	LT	ST		
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	Investment Grade
Aa1		AA+		AA+		High Grade	
Aa2		AA		AA			
Aa3		AA-		AA-			
A1		A+	A-1	A+	F1	Upper Medium Grade	
A2		A		A			
A3	P-2	A-	A-2	A-	F2		
Baa1		BBB+		BBB+		Lower medium grade	
Baa2	P-3	BBB	A-3	BBB	F3		
Baa3		BBB-		BBB-			
Ba1	Not Prime	BB+	B	BB+	B	Speculative	Non Investment Grade
Ba2		BB		BB			
Ba3		BB-		BB-			
B1		B+		B+		Highly Speculative	
B2		B		B			
B3		B-		B-			
Caa1		CCC+	C	CCC	C	Substantial Risks	
Caa2		CCC				Extremely Speculative	
Caa3		CCC-				Default imminent with little prospect for recovery	
Ca		CC					
		C					
C		D		DDD		In Default	
				DD			
				D			

APPENDIX G

RISK REGISTER

Risk Group	Risk Ref.	Risk Description	Impact			Likelihood	Current risk score	Mitigation actions
			Financial	Reputation	Total			
Financial	1	Interest Rate Risk: the risk that rises in interest rates create an unexpected burden on the organisation's finances, against which the organisation has failed to protect itself adequately.	2	1	3	4	**12**	The Council will continue to invest an borrow in accordance with the TMSS. Borrowing conversations will be set by "trigger points", enacted when gilt yields reach a certain long term levels, where discussions with the Council's S151 officer, T&P Director and the Cabinet Member will take place to discuss potential actions.
Financial	2	Prudent Investment Strategy: the overall treasury management strategy is too prudent and unnecessarily stringent, resulting in investment returns being lower than might have been achieved with a more risky, but ultimately safe, approach.	3	2	5	2	**10**	The TMSS, outturn reports and mid-year reports are scrutinised on a regular basis by the Audit Committee with actions minuted and implemented.
Financial	3	Credit and counterparty risk: the risk of failure by a counterparty to meet its contractual investment or borrowing obligations to the organisation, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or revenue resources.	3	4	7	1	**7**	As part of the TMSS, counterparty criteria have been set at a level to allow only the most financially secure banks and counterparties a place within the lending list, which is regularly monitored against consultant updates and advice provided by the Council's Treasury advisor.
Financial	4	Further Covid-19 variants: the risk of further investment market uncertainty and investor panic, leading to unexpected volatility in gilt yields and interest rates.	2	3	5	3	**15**	Recent forecasts from the Council's Treasury consultant predict at least one further rise in the bank base rate for 2022. In respect of borrowing, gilt prices are expected to rise, albeit steadily, throughout the financial year 2022/23.
Financial	5	Liquidity Risk: the risk that cash will not be available when it is needed, leading to additional costs, with the organisation's business/service objectives ultimately compromised.	4	2	6	1	**6**	A significant part of the Council's cash is now kept fully liquid in Money Market Funds, which offer same day accessibility for both deposits and withdrawals.
Operational	6	Fraud, error and corruption: the risk that an organisation fails to identify the circumstances in which it may be exposed to loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and internal controls to maintain effective management arrangements to these ends.	3	4	7	1	**7**	Internal controls within the treasury function are extremely robust in terms of internal check, accounting, authorisation and segregation of duties. The recent internal audit report (November 2021) concluded with a assurance opinion rated as "substantial".
Operational	7	Financial failure of the Council's main bank: the collapse of the council's main banker, leading to a total shutdown of services.	4	4	8	1	**8**	The suitability of Nat West is assessed regularly along with other institutions. It is regarded as highly unlikely that the UK Government would permit a clearing bank to fail.
Operational	8	Online banking platform failure: the partial or complete failure of the Council's online banking system, resulting in termination of online payments and provision of banking data.	2	4	6	1	**6**	Nat West is regarded as having considerable resilience, both in preventing such failures and having recovery programmes in place if such an event happened. In the event that payments cannot be made online, the Council can make a manual payment by faxing a payment request to the CHAPS team at NatWest.

Appendix 1 - Risk Management Scoring Matrix

Scoring (Impact)

Impact Description	Category	Description
1 Very Low	Cost/Budgetary Impact	£0 to £25,000
	Impact on life	Temporary disability or slight injury or illness less than 4 weeks (internal) or affecting 0-10 people (external)
	Environment	Minor short term damage to local area of work.
	Reputation	Decrease in perception of service internally only – no local media attention
	Service Delivery	Failure to meet individual operational target – Integrity of data is corrupt no significant effect
2 Low	Cost/Budgetary Impact	£25,001 to £100,000
	Impact on life	Temporary disability or slight injury or illness greater than 4 weeks recovery (internal) or greater than 10 people (external)
	Environment	Damage contained to immediate area of operation, road, area of park single building, short term harm to the immediate ecology or community
	Reputation	Localised decrease in perception within service area – limited local media attention, short term recovery
	Service Delivery	Failure to meet a series of operational targets – adverse local appraisals – Integrity of data is corrupt, negligible effect on indicator
3 Medium	Cost/Budgetary Impact	£100,001 to £400,000
	Impact on life	Permanent disability or injury or illness
	Environment	Damage contained to Ward or area inside the borough with medium term effect to immediate ecology or community
	Reputation	Decrease in perception of public standing at Local Level – media attention highlights failure and is front page news, short to medium term recovery
	Service Delivery	Failure to meet a critical target – impact on an individual performance indicator – adverse internal audit report prompting timed improvement/action plan - Integrity of data is corrupt, data falsely inflates or reduces outturn of indicator
4 High	Cost/Budgetary Impact	£400,001 to £800,000
	Impact on life	Individual Fatality
	Environment	Borough wide damage with medium or long term effect to local ecology or community
	Reputation	Decrease in perception of public standing at Regional level – regional media coverage, medium term recovery
	Service Delivery	Failure to meet a series of critical targets – impact on a number of performance indicators – adverse external audit report prompting immediate action - Integrity of data is corrupt, data falsely inflates or reduces outturn on a range of indicators
5 Very High	Cost/Budgetary Impact	£800,001 and over
	Impact on life	Mass Fatalities
	Environment	Major harm with long term effect to regional ecology or community
	Reputation	Decrease in perception of public standing nationally and at Central Government – national media coverage, long term recovery
	Service Delivery	Failure to meet a majority of local and national performance indicators – possibility of intervention/special measures – Integrity of data is corrupt over a long period, data falsely inflates or reduces outturn on a range of indicators

Scoring (Likelihood)

Descriptor	Likelihood Guide
1. Improbable, extremely unlikely	Virtually impossible to occur 0 to 5% chance of occurrence.
2. Remote possibility	Very unlikely to occur 6 to 20% chance of occurrence
3. Occasional	Likely to occur 21 to 50% chance of occurrence
4. Probable	More likely to occur than not 51% to 80% chance of occurrence
5. Likely	Almost certain to occur 81% to 100% chance of occurrence

Control		Details required
Terminate	Stop what is being done.	A clear description of the specific actions to be taken to control the risk or opportunity
Treat	Reduce the likelihood of the risk occurring.	
Take	Circumstances that offer positive opportunities	
Transfer	Pass to another service best placed to deal with mitigations but ownership of the risk still lies with the original service.	The name of the service that the risk is being transferred to and the reasons for the transfer.
Tolerate	Do nothing because the cost outweighs the benefits and/or an element of the risk is outside our control.	A clear description of the specific reasons for tolerating the risk.

London Borough of Hammersmith and Fulham

Report to: Cabinet

Date: 07/02/2022

Subject: Treasury Management Strategy: Mid-Year Review 2021/22

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

Report author: Phil Triggs, Director of Treasury and Pensions

Responsible Director: Emily Hill, Director of Finance

SUMMARY

This report provides an update on the implementation (six months to 30 September 2021) of the 2021/22 Treasury Management Strategy, approved by Council on 25 February 2021 and presents the Treasury Management Strategy 2021/22 mid-year review.

Treasury management comprises the management of the Council's cash balances and borrowing to ensure that funding of the Council's future capital programme is at optimal cost and investing surplus cash balances arising from the day-to-day financial operation of the Council to obtain an optimal return, while ensuring security of capital and liquidity.

This report complies with CIPFA's Code of Practice on Treasury Management, and covers the following:

- a review of the Council's investment portfolio for 2021/22 to include the treasury position as at 30 September 2021;
- a review of the Council's borrowing strategy for 2021/22;
- a review of compliance with Treasury and Prudential Limits for the first six months of 2021/22;
- an economic update for the first part of the 2021/22 financial year.

RECOMMENDATIONS

Cabinet is asked to note the Treasury Management Strategy 2021/22 mid-year review.

Wards Affected: None

Our Priorities	Summary of how this report aligns to the H&F Priorities
Building shared prosperity	Achieve best value for money in investment and borrowing decisions.
Being ruthlessly financially efficient	Effective management of the Council's cash flow resources.

Financial Impact

This report is wholly of a financial nature.

Legal Implications

There are no legal implications in respect of this report.

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Background Papers Used in Preparing This Report

Treasury Management Strategy Statement 2021/22 – *PUBLISHED*

DETAILED ANALYSIS

Proposals and Analysis of Options

Background and Treasury Position

1. Treasury management in this context is defined as:

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

2. This treasury monitoring report covers:
   - the treasury position as at 30 September 2021;
   - the borrowing strategy for 2021/22;
   - the borrowing position at 30 September 2021;
   - compliance with treasury limits and prudential indicators;
   - the investment strategy for 2021/22; and
   - the investment position at 30 September 2021.

3. The Council's debt, all held with the Public Works Loan Board (PWLB), and investment positions at the beginning of 2021/22 and at the six month point were as follows:

	30 September 2021 (£m)	**Rate (%)**	**31 March 2021 (£m)**	**Rate (%)**
General Fund (GF)	52.8	3.71	52.8	3.71
Housing Revenue Account (HRA)	218.9	3.77	218.9	3.77
Total Borrowing	**271.7**	**3.76**	**271.7**	**3.76**
Total Cash Invested	340.2	0.04	297.4	0.05
Net Cash Invested	**68.5**		**25.7**	

4. The Housing Revenue Account (HRA) is responsible for servicing 80.6% of the Council's external debt and the General Fund is responsible for the remaining 19.4%.

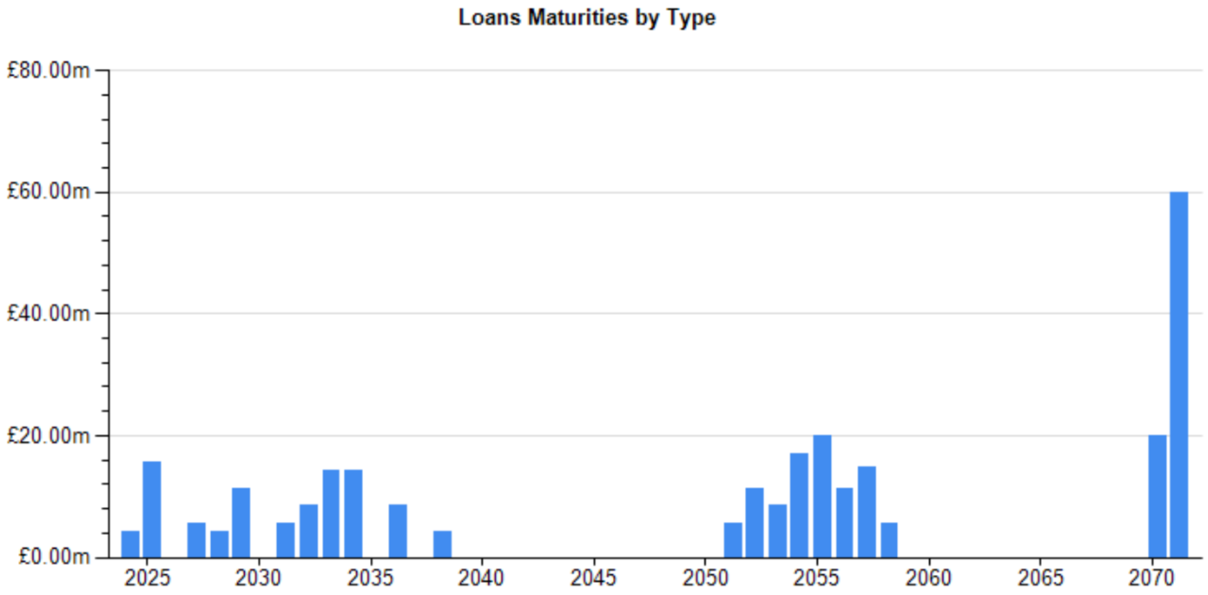
5. The table below shows the split of investments by duration as at 30 September 2021:

Maturity Period	**Call (£m)**	**Fixed (£m)**	**MMF (£m)**	**Total (£m)**
Liquidity	35.0	0.0	174.6	**209.6**
< 1 Month	0.0	0.0	0.0	**0.0**
1 – 3 Months	0.0	0.0	0.0	**0.0**
3 – 6 Months	0.0	10.3	0.0	**10.3**
6 – 12 Months	0.0	120.3	0.0	**120.3**
Total	**35.0**	**130.6**	**174.6**	**340.2**

6. The Treasury Management Strategy Statement (TMSS) for 2021/22 was approved by Full Council on 25 February 2021. The TMSS has kept investments short-term and invested with highly rated or UK Government backed institutions, resulting in low returns compared with borrowing rates.

Treasury Borrowing

7. No borrowing has been undertaken or repaid in the first half of 2021/22.Total borrowing therefore remained at £271.7m at an average interest rate of 3.76%. All of the Council’s loans are at a fixed rate of interest. The table below shows the debt profile as at 30 September 2021:



8. In the first six months of 2021/22, the HRA PWLB debt of £218.9 million remained below the HRA Capital Financing Requirement (CFR) of £233.1m, which generates internal borrowing of £14.2m. This difference does not, as yet, exceed the value of HRA working balances. HRA reserves and working capital, in excess of internal borrowing, represent cash balances, on which interest is allocated from the general fund. As at 30 September 2021, the HRA held cash balances of £218.9m over and above the £14.2m.

9. As at 30 September 2021, the Council had an under-borrowed position. This means that the capital borrowing requirement was not fully funded by the existing external loan debt and the balance is funded by cash reserves (known as internal borrowing).

Closing Capital Financing Requirement analysed between General Fund and Housing Revenue Account

	30 Sep 2021 CFR £m	30 Sep 2021 External Debt £m	31 March 2021 CFR £m	31 March 2021 External Debt £m
GF (Excluding DSG funded Schools Windows borrowing)	147.6	0.0	122.2	0.0
GF (DSG funded Schools Windows borrowing)	40.2	0.0	21.5	0.0
Total GF Headline CFR	**187.8**	**0.0**	**143.7**	**0.0**
Finance leases/PFI	7.8	0.0	8.9	0.0
Total Closing GF CFR	**195.6**	**52.8**	**152.6**	**52.8**
HRA	258.3	0.0	233.1	0.0
HRA CFR Total	**258.3**	**218.9**	**233.1**	**218.9**
Total CFR/External Debt	**453.9**	**271.7**	**385.7**	**271.7**

Treasury Investments

10. At 30 September 2021, a significant part of the Council’s treasury investment portfolio (£340.2m) was held in fixed term deposits with other local authorities, the Debt Management Agency Deposit Facility (DMADF) and bank notice accounts.

11. The TMSS allowed investment in the following areas:
    - an unlimited investment limit with the UK Government (DMO) deposits, UK gilts, repos and treasury bills;
    - up to a maximum of £100m per counterparty in supra-national banks, European agencies and covered bonds debt on a buy to hold basis with maturity dates of up to five years, Transport for London (TfL) and the Greater London Authority (GLA) bonds for up to three years;
    - a limit of £30m to be invested with any UK Local Authority (subject to internal counterparty approval by the Director of Treasury and Pensions and Director of Finance);
    - no more than £45m to be invested with any individual Money Market Fund;
    - any financial instrument held with a UK bank limited to £70m depending on the credit rating and Government ownership above 25% (limit of £50m);
    - any financial instrument held with a non-UK bank limited to £50m.

12. The investments outstanding at 30 September 2021 amounted to £340.2m invested in short-term deposits. This compares with £299.4m short-term investments at 1 April 2021.

13. The table below provides an analysis of the cash deposits, together with comparisons from the previous year:

	31 March 2019 £m	31 March 2020 £m	31 March 2021 £m	30 Sep 2021 £m
Liquid Deposits	0.0	0.0	0.0	0.0
Money Market Funds	57.9	47.1	133.4	174.6
Notice Accounts	56.0	25.0	35.0	35.0
Custodian Held Assets	0.0	0.0	0.0	0.0
Term Deposits	212.5	137.0	129.0	130.6
Enhanced Cash Fund	0.0	0.0	0.0	0.0
Total	**326.4**	**209.1**	**297.4**	**340.2**

14. During the first six months of 2021/22, cash balances varied between £304.0m and £330.0m, reflecting the timing of the Council's income (council tax, national non-domestic rates, government grants and capital receipts, etc) and expenditure (precept payments, payroll costs, supplier payments and capital projects). The primary reason for the increased cash balance in the first half of 2021/22 is due to Government grants received for Covid-19 support.

15. The average return achieved on investments managed internally for the first six months was 0.05% compared with the average 7-day money market rate (uncompounded) of -0.08%. Interest rates remained low throughout the period with the Council following a low risk strategy and avoiding potentially higher returns which would increase counterparty risk.

Prudential Indicators

16. During the year the Council operated within the Treasury Limits and Prudential Indicators set out in the TMSS approved by Council on 25 February 2021.

17. The table below provides a breakdown of the indicators and actual position for the year ending 30 September 2021:

Indicator	2021/22 Approved Limit	2021/22 Actual at 31st September 2021	Indicator Met?
Capital Financing Requirement	£481m	£453.9m	Met
Authorised Limit for external debt[1]	£550m	£271.7m	Met
Operational Debt Boundary[2]	£495m		Met
Capital Expenditure	£162m	£134.9m	Met
Ratio of financing costs to	GF (0.61%)	GF (0.62%)	Met

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[1] The Authorised Limit is the maximum requirement for borrowing taking into account maturing debt, capital programme financing requirements and the ability to borrow in advance of need for up to two years ahead.

[2] The Operational Boundary is the expected normal upper requirement for borrowing in the year.

revenue stream	HRA 6.34%	HRA 6.04%		
Working capital balance	£0m	£0m		Met
Limit on surplus funds invested for more than 364 days	£120m	£0m		Met
Maturity Structure of Borrowing	**Minimum**	**Maximum**	**Actual**	**Indicator Met?**
Under 12 Months	0%	15%	0%	Met
12 Mths to within 24 Mths	0%	15%	2%	Met
24 Mths to within 5 years	0%	60%	8%	Met
5 years to within 10 years	0%	75%	8%	Met
Over 10 years	0%	100%	82%	Met

Reasons for Decision

18. The Council's treasury management activity is underpinned by the CIPFA Code, which recommends that members are informed of treasury management activities at least twice a year.

Equality Implications

19. There are no direct negative implications for protected groups, under the Equality Act 2010, arising from the information presented in this report.

Risk Management Implications

20. The purpose of this report is to present the Council's mid-year Treasury Management Report for 2021/22 in accordance with the Council's treasury management practices. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities is measured.
21. Risk levels were set in accordance with the approved Treasury Management Strategy Statement (TMSS). The Council continues to recognise that effective treasury management provides support towards the achievement of its business and service objectives, specifically, being ruthlessly financially efficient.

22. The identification, monitoring and control of risks are central to the achievement of the treasury objectives. Potential risks are identified, mitigated and monitored in accordance with treasury practice. It is also worthwhile in noting that this covers a period that included considerable uncertainty, both at national and global level, during the Covid-19 outbreak.

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

Consultation

None

LIST OF APPENDICES

None

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 07/02/2022

Subject: Financial Plan For Council Homes: The Housing Revenue Account (HRA) 2022/23 HRA Budget, 2022/23 Rent Setting And HRA 40-Year Financial Business Plan

Report of: Councillor Lisa Homan Cabinet Member for Housing,
Councillor Max Schmid, Cabinet Member for Finance and Commercial Services

Responsible Director: Jon Pickstone, Strategic Director for Economy
Emily Hill, Director of Finance

Summary

This report sets out the HRA budget proposals for the financial year 2022/23 including changes to rent levels and other charges and explains the wider financial risks facing the HRA. Recognising the cost of living pressures faced by tenants due to inflation and Government tax increases, it notes that the administration proposes a real-terms reduction in rent.

It also sets out the outcome of the annual review of the 40-year HRA financial plan on which the annual budget is based. The 40-year HRA financial plan is required to ensure the HRA's immediate and longer-term financial sustainability, enable continued capital investment in the Council's homes, and reflect the Council's ambitious new build affordable housing programme. This report summarises the key findings, assumptions and risks identified as a result of the review and consequentially updates the ongoing annual savings requirement.

RECOMMENDATIONS

- That Cabinet agrees:

1. To approve the Housing Revenue Account 2022/23 budget for Council homes as set out in Table 1.

2. To approve the 40-year financial plan for Council homes for 2021-2061, which requires an increase in the ongoing annual revenue savings (when compared to the 2021/22 base budget) of £3.8 million per annum from 2022/23, rising to £7.1m from 2023/24 and to £7.9m from 2024/25.

3. To approve a rent increase of 1.5% from 4 April 2022, which equates to an average weekly increase for tenants of £1.75 in 2022/23.

4. To approve an increase to shared ownership rents of 1.5% from 4 April 2022.

5. To approve an increase to tenant service charges of 1.5% from 4 April 2022, which equates to an average weekly increase for tenants of £0.13 in 2022/23.

6. To approve an increase to the management fee for temporary on licence properties of 1.5% from 4 April 2022.

7. To increase garage charges for council tenants, resident leaseholders, and for other customers from April 2022 by 1.5%.

8. To note that any change to parking charges on housing estates will be considered separately with the Council's parking plans.

9. To increase car space rental charges for all customers by 1.5% from April 2022.

10. To approve an increase in the Leasehold After Sale – Home Buy Fees by 1.5% from April 2022 from £200 to £203.

11. To note that an external review of the service will be undertaken in early 2022 to identify further savings in the Housing Service.

Wards Affected: All

Our Values	**Summary of how this report aligns to the H&F Values**
Building shared prosperity	The HRA long term financial plan, which is aligned with the HRA budget, provides for a significant step change in the Council's ambitions of delivering more genuinely affordable homes in the HRA. This will be through an increased level of borrowing, capital receipts and government grants to invest over the long term in the delivery of new homes either directly or in partnership.
Creating a compassionate council	The HRA long term financial plan, which is aligned with the HRA budget, allows for the ongoing investment in services that directly support residents in living healthy and independent lives. This includes making provision for aids and adaptations to tenanted accommodation.
Doing things with local residents, not to them	The HRA long term financial plan, which is aligned with the HRA budget, will enable

	the continued investment in resident engagement and involvement. The resident involvement strategy sets out the approach that will be adopted. The financial plan allows for more investment in resident liaison with regard to the delivery of capital works and development of new affordable homes. This will ensure that residents are involved and informed about the works that will be taking place.
Being ruthlessly financially efficient	The HRA long term financial plan and the HRA budget include investing in the long-term repairs delivery model and the reform of services to better deliver for residents, and the delivery of a significant number of new homes.
Taking pride in H&F	A significantly expanded compliance based capital programme is included in the latest HRA long term financial plan. However, some of the works will deliver wider estate improvements, in particular the communal works undertaken by the Direct Labour Organisation – H&F Maintenance. There will also be ongoing investment in caretaking and other estate services which will be focussed on improving the quality of council estates. New homes will be built to the latest compliant standards, ensuring cost-efficient, safe and secure homes for our tenants and residents for the long term.
Rising to the challenge of the climate and ecological emergency	A strategy, in conjunction with other areas of the Council, is being formulated that outlines a path to zero carbon emissions. Housing accounts for around 40% of CO2 emissions, primarily from its gas heating systems. Substantial investment is required to target big emitters such as the White City estate. Proposals are being put forward to insulate high emitting estates, and convert gas boilers, where possible, to carbon neutral sources. £6m has already been allocated to roll out LED across estates reducing carbon emissions by 50%. Applications for funding are in train for a number of whole household conversions and other grants are being considered.

Financial Impact

The report is predominantly of a financial nature and therefore the impact is contained within the body of the report.

Legal Implications

The HRA was established by statute to ensure that council taxpayers cannot subsidise council rents and nor can council rents subsidise council tax. Failure to adhere to this statutory guidance can render the Council's accounts subject to challenge and/ or qualification by the External Auditor.

The HRA ring-fence was introduced in Part IV of the Local Government and Housing Act 1989 ("the Act") and was designed to ensure that rents paid by local authority tenants accurately reflect the cost of associated services. The Act specifies that expenditure and income relating to property listed in section 74 (that is houses and buildings provided for the provision of accommodation including the land on which they sit, excluding leases taken out for less than 10 years to provide temporary accommodation) must be accounted for in the HRA. Schedule 4 of the Act (as amended by section 127 of the Leasehold Reform, Housing and Urban Development Act 1993) specifies the allowable debits and credits. The Housing (Welfare Services) Order 1994 specifies more detail on the welfare services which must be accounted for outside the HRA. Section 76 of the Local Government and Housing Act 1989 states that it is unlawful to approve a budget which will result in a debit position on HRA reserves. Rents and charges have been set to ensure that the budget forecast does not result in a debit position.

It is not possible for a local housing authority to subsidise rents from its General Fund.

Section 24 of the Housing Act gives the Council power to set rents but Section 5 requires that the Council must have regard to relevant standards which are set for them under section 193 of the Housing and Regeneration Act 2008 (HRA 2008). Section 193 of the HRA 2008 allows the regulator of social housing to fix standards which social landlords must abide by. On 25th February 2019 the Government issued a directive which requires the regulator of social housing to set a new rent standard which applies to all local authority social landlords with effect from 1st April 2020.

The rent increases recommended in the report comply with the rent standard.

A consultation has been carried out with residents and the outcome of that consultation is shown at Appendix 6. Tenants were consulted on the rent increase at the Housing Representatives Forum on 18 January 2022 and at the Economy, Housing and the Arts Policy and Accountability Committee on the 25 January 2022. Members must carefully consider the consultation responses and the Equalities Impact Assessment when approving the recommendations in this report to ensure they are satisfied that the Council has complied with its public sector equality duty under the Equalities Act 2010.

Contact Officers

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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background

1. The Housing Revenue Account (HRA) contains solely the costs arising from the management and maintenance of the Council's housing stock, funded by income from tenant rents and service charges, leaseholder service charges, commercial property rents and other housing-related activities. It is a ring-fenced account and the Council is required under statute to account separately for local authority housing provision.

HRA Financial Strategy

2. The HRA's strategic financial objectives are:

   - To enable the financing of a repairs programme that ensures health and safety requirements are met and maintains the Council's homes;
   - To fund capital expenditure through prudential borrowing, financing both the annual interest of new and existing debt and repayments of the principal debt on maturity;
   - To be ruthlessly financially efficient, continue to seek income opportunities and to identify further efficiencies that do not impact on service delivery;
   - To build a significant number of new homes in the HRA, providing much needed affordable housing, optimising capital funding sources, including capital receipts, grants, partnership and developer contributions and borrowing;
   - To endeavour to free resources for investment in new initiatives, such as climate change, whilst improving service standards;

- To safeguard the ongoing financial sustainability of the HRA including a minimum balance for the HRA general reserve of £4m to manage risk and uncertainty in the short term. The savings plan is necessary to prevent the balance from dropping below this critical level in 2023/24, with an aim to build the minimum balance up to £10m over the next 10 years.

Budget Overview

3. Recognising the cost of living pressures faced by tenants due to rising inflation and new Government taxes, **the administration proposes a real-terms rent reduction.** Rent and other charges will increase by only 1.5%, well below the Government's suggested rent policy of CPI inflation plus 1%, which would have resulted in a 4.1% rent increase.

4. The HRA 40-year financial plan forms the basis of the HRA 2022/23 budget and has been updated as part of budget setting to take into account several significant pressures which have emerged since the last review of the plan. These pressures have been incorporated into the 2022/23 budget and the longer term financial plan increasing the annual savings requirement:

    a. An increase in the depreciation charge will cost the HRA at least £1m more than assumed within the financial plan from 2022/23 onwards. This is due to a higher than expected annual revaluation of the housing stock and results in a transfer of resource from revenue to the housing capital programme.

    b. A reduction in dwelling rents income due to a higher void rate than assumed within the financial plan results in a rental income loss of c£0.7m in 2022/23. This has been impacted by Covid-19 and the performance of the repairs and maintenance contractors. The majority of void homes are currently being prepared for reletting and with improvement plans agreed with the Council's repairs and maintenance contractors, this reduction is expected to be temporary.

    c. Recent increases in Consumer Price Inflation will result in additional cost pressures estimated at £0.6m in 2022/23. The financial plan assumed cost increases based on CPI of 2% but actual CPI has been much higher than this in recent months (September 3.1%, October 3.8%, November 4.6%).

    d. The Government's new Health & Social Care Levy will increase payroll costs by 1.25% (£0.25m). This is in addition to the need to provide for this year's (2021/22) and next year's (2022/23) pay awards (estimated at £1.1m in total).

5. In addition to these new pressures, the decision to make a real-terms rent reduction will require further efficiencies.

6. These additional net costs (£3.8m in 2022/23, reducing to £3.1m from 2023/24 onwards) are incorporated into revised savings targets.

7. Budget growth is required to support further planned improvements to the repairs and maintenance service in the context of significant price pressures in the construction industry due to Covid-19 and Brexit and high levels of inflation more broadly. Following a detailed review of the costs and identification of offsetting savings, it has been possible to contain the growth in 2022/23 to £0.4m. This is despite many costs rising for the Council at a faster rate than the proposed rent increases with CPI at 4.6% in the year to November 2021.

8. Initial work on the savings plan is expected to yield £0.6m of firm savings (£0.2m net savings after accounting for the growth of £0.4m above) with £0.2m pipeline savings and £3.4m needing to be identified to achieve the 2022/23 savings target of £3.8m through initiatives including the Housing Transformation Programme, income opportunities and other plans (see Appendix 3) to avoid a further draw on reserves.

Table 1: HRA Budget 2021/22 & 2022/23 and Forecast Variance 2021/22

Division	Budget 21/22	Forecast variance 21/22	Proposed Budget 22/23
	£000s	£000s	£000s
Dwelling Rents	(68,525)	167	(69,767)
Tenant & Leaseholder Service Charges	(9,085)	0	(10,049)
Other Income	(1,917)	(251)	(2,328)
Housing Income	**(79,527)**	**(84)**	**(82,144)**
Property & Compliance	9,246	(627)	9,119
Void & Repairs	10,170	374	10,307
DLO (H&F Maintenance)	2,881	22	3,381
Housing Management	6,535	438	6,601
Place	10,445	(107)	10,890
Operations	4,424	(54)	3,895
Regeneration & Development	1,061	(304)	875
Safer Neighbourhoods	712	0	717
Finance & Resources	8,070	0	10,644
Capital Charges	25,255	(641)	26,205
Corporate Support Service Recharges	7,915	0	7,184
Expenditure	**86,714**	**(899)**	**89,820**
Annual Deficit	**7,187**	**(983)**	**7,676**
Unidentified savings	-	-	(3,434)
Pipeline savings	-	-	(191)
Annual Deficit before drawdown from reserve	**7,187**	**(983)**	**4,050**
Withdrawal from HRA General Reserve	(7,187)	983	(4,050)
Total net expenditure	0	0	0
Opening Balance on HRA General Reserve	(17,562)	(17,562)	(11,358)
Withdrawal from HRA General Reserve	7,187	6,204	4,050
Closing Balance on HRA General Reserve	**(10,375)**	**(11,358)**	**(7,308)**

Real terms rent reduction

9. Rents for existing tenants are proposed to increase by 1.5%, a real-terms cut and a significant reduction against the 4.1% increase (CPI + 1%) set out in the Government’s rent standard. This is proposed in light of the significant cost of living pressures currently faced by tenants—including inflation and increases in Government taxes. This increase is significantly lower than financial pressures due to the impact of inflation on increased prices and costs within the Housing Revenue Account. Of the 11,774 current tenancies, the rent increases for at least 4,829 (41%) of these will be covered by housing benefit or universal credit.

10. The average rent for our Council homes of £112.20 per week remains lower than the average rent of other neighbouring London boroughs. As a result the Council has less funding available from rental income to invest in current stock, new housing and service provision, and has contributed to the need for the savings requirement.

11. Tenant service charges are also proposed to increase by 1.5% which is below the expected contract costs increase due to inflation.

12. The changes to charges for communal heating schemes, garage and parking space rents, water and sewerage charges, home buy and income from advertising hoardings and commercial properties are set out in Appendix 5.

Review of the 40-year financial plan

13. The previous 40-year financial plan that was included in last year’s budget paper to Cabinet in February 2021 has been updated to reflect:

    a. the HRA’s current financial position, including changes in budgets required under the new repairs model;
    b. changes to new affordable housing development schemes including costs, timing and financing;
    c. macro-economic changes (for example, changes to interest rates);
    d. significant compliance and climate change capital spending plans included within the Asset Management Capital Strategy (£729m over 12 years beginning 2022/23).

14. Additionally, a number of emerging pressures and the proposed real terms rent reduction identified through the budget setting process have increased the annual savings requirement further.

15. Appendix 1 shows the 40-year projection of income and expenditure and the HRA general reserve balance. This shows that the greatest pressures are faced in the early years when the capital investment’s financing impact (external interest costs) is growing and before the benefit of the development programme which brings new homes and rental income on stream requiring additional savings.

16. The planned capital investment in compliance and climate change within the Asset Management Capital Strategy of £729m over a 12-year period will involve significant additional revenue financing costs related to the borrowing alongside the increased cost of repairs and maintenance. These are affordable within the current financial plan but require significant additional savings to be made within the HRA of c£3.8 million per annum from 2022/23, rising to £7.1m from 2023/24 and to £7.9m from 2024/25 (9% of HRA revenue expenditure and 22% of controllable costs). Table 2 below sets out the minimum savings required to ensure the financial sustainability of the HRA. Earlier progress with the delivery of savings will help to maintain a prudent level of minimum reserves.

Table 2: First 5 years of base savings required

	2021/22 £000s	**2022/23** £000s	**2023/24** £000s	**2024/25** £000s	**2025/26** £000s
Base minimum savings required	-	(3,830)	(7,100)	(7,900)	(8,000)

17. The savings (£7.9m over the next three years) are expected to be delivered through initiatives including a review of management costs, the Housing Transformation Programme, income opportunities and other plans. Further work will be undertaken to identify potential savings opportunities including a review of the repairs system and benchmarking reviews.

18. The forecast 2021/22 balance reflects the expected delivery of £3.8m annual revenue savings. The combined annual savings for the HRA from 2025/26 is therefore £11.8m compared to the 2020/21 base budget.

19. Whilst the macro-economic assumptions used in the model are largely outside the Council's control, the key assumption within the Council's control is the new build development programme. This is assumed to deliver positive net rental streams which support the planned compliance programme. For example, a further £0.8m per annum saving would be required without new build developments. Additionally, ceasing new build would involve write-off of abortive costs incurred to date and the payment of interest on any unused Right-to-Buy receipts putting further pressure on the general reserve.

Key assumptions

20. The revised financial plan allows for a manageable return to the pre-2021/22 level of general reserves (c.£17m) over a 13-year period by limiting the increase in the minimum balance to an average of £1m each year. This level of reserves is considered prudent in respective of the potential risks facing the HRA, such as further rent controls or increases in interest rates. A high-level summary of the key drivers and assumptions used in the base financial plan for the first 13 years is shown in Appendix 2 and the key assumptions are reviewed below.

21. **New development:** Only HRA or the HRA elements of mixed schemes (affordable housing and shared ownership) are included in the financial plan.

The financial plan assumes 900 units with current schemes those yet to be identified, as shown in Appendix 2. Including appropriations from the General Fund, the gross cost to the HRA over the 13-year period is estimated at nearly £480m.

22. Collectively, these 900 units will contribute £11.5m to the overall operating income in year 13 (an increase of 10.1%) and a net benefit of £1.8m to the same years' operating account. This demonstrates the considerable benefit that the new affordable housing development is expected to bring to the HRA.

23. **Compliance and decarbonisation capital investment:** A significant level of investment (£729m) is required to address compliance issues identified in the 12-year Asset Management Capital Strategy. The level of capital expenditure and financing will put the HRA under considerable pressure which requires a commensurate level of revenue savings.

24. A key driver of the investment programme is the condition of HRA properties and the resulting high levels of routine maintenance. Investment should lead to a levelling off, then a reduction in routine repairs required in the medium term. Whilst it is difficult to estimate future savings from the investment, the financial plan reflects cost savings from year 7 of 1% per annum for 5 years; amounting to c.£1.25m from base costs by year 12. This will continue to be reviewed as capital projects are completed.

25. **Capital financing:** The appraisal models of each development scheme and the financial plan model seek to optimise the financing available. Wherever possible, Right to Buy receipts and grant are used before borrowing. Appendix 2 indicates a total 13-year capital cost of nearly £1.5bn, requiring c.£740m of additional borrowing.

26. **Right to Buy (RtB) receipts:** The model reflects the current arrangements with DLUHC and the GLA. Recent proposed changes will increase the percentage of eligible expenditure to which these can be applied from 30% to 40% and also the time period for use from 3 to 5 years. The financial plan model optimises the use of RtB receipts and assumes that these are applied in line with the time limits. If there is a material slippage in the development programme this could produce a risk of both repayment and interest charges.

27. **Leaseholder charges:** The Asset Management Capital Strategy assumes recovery of non-fire safety, disabled adaptations and repairs capitalisation (c.£103m).The assumed amount of non-recovery in respect of fire safety work is c.£13.4m. Where capital works are not recovered from leaseholder charges this leads to an increase in borrowing and therefore interest costs.

28. **Savings requirement:** To achieve an ongoing sustainable minimum reserve balance of £4m and to fund the Asset Management Capital Strategy, additional revenue savings are required. In February 2021, Cabinet approved a four-year plan to deliver £5.7m of annual revenue savings by 2024/25. During 2021/22, £3.8m of savings were delivered, leaving £1.9m to be found. The updated 40-year financial plan includes plans to increase the remaining £1.9m annual

savings requirement to a new target of annual revenue savings of £3.8 million per annum from 2022/23, rising to £7.1m from 2023/24 and to £7.9m from 2024/25 (when compared to the 2021/22 base budget). These are set out in Appendix 3.

Sensitivity analysis

29. By its nature a 40-year financial plan has multiple assumptions and risks associated with the interacting variables used to create it. As such, testing a selection of these shows the strength and resilience of the financial plan to withstand given stresses that may be experienced.

30. The table below shows the results of testing three key assumptions: new development, rent regulation and interest rates with further detail in Appendix 2.

Table 3: Sensitivities - additional savings required

Scenario	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Minimum savings required (including emerging pressures)	**£000**	**£000**	**£000**	**£000**
1. Base model	3,832	7,107	7,907	8,007
2. No development	3,832	7,107	8,707	8,807
3. CPI only rent from 2025/26	3,832	7,107	9,107	9,207
4. Interest rates +1.5% from 2023/24	3,832	7,107	14,807	14,907

31. **New development (scenario 2):** Building additional homes not only provides much needed accommodation for the boroughs' residents, reducing temporary accommodation costs, it is a key determinant of the HRA's future viability. If new build ceases, further savings of £0.8m, in addition to the £8.0m by 2025/26, will be required as the new rental income will not be received.

32. **Rent regulation (scenario 3):** Current government rent standard guidance and modelling caps increases in rents to CPI +1% until 2024/25. Beyond this there is no such guidance and the base financial plan uses CPI +0.5% for the remainder of the 40 years. However, should rent increases be limited to CPI only, an additional £1.2m savings more than the base model savings requirement of £8.0m (£9.2m from 2025/26) would be needed.

33. **Interest rates (scenario 4):** Interest rates are currently extremely low by historical standards. The base financial plan uses borrowing rate assumptions after consultation with treasury advisors earlier in 2021. However, there are growing signs that in reaction to inflation increases, interest rates may rise sooner than expected. The fourth scenario assumes interest rates are increased by 1.5% for each year of the financial plan from year 3 onwards. The result is an additional £6.9m savings being required above the base model savings requirement of £8.0m (an unaffordable £14.9m from 2025/26). Interest rate movements will be monitored and amendments made to the financial plan as necessary to ensure future sustainability.

Reserves

34. Two types of reserves are held within the HRA: general reserves and earmarked reserves.

35. **HRA general reserves** should provide sufficient cover against unanticipated events. The risks facing the HRA must be viewed in the context of the level of HRA general reserves. A prudent level of reserves is important to support long term investment planning for 17,000 properties with an existing use value of £1.3 billion. A minimum of £4m is considered to be required.

36. The HRA general reserve as at 31 March 2021 was £17.6m. A further planned drawdown (£6.2m) in 2021/22[1] is expected to reduce the balance to c. £11.4m; equivalent to one and a half months of HRA gross revenue expenditure.

37. **HRA earmarked reserves** are funds set aside to cover specific future plans that are not covered by annual budgets and to protect the HRA from specific risks. HRA cashable earmarked reserves were £5.8m as at 31 March 2021. These include funds set aside for the risk relating to potential revenue, abortive and other write-off costs associated with the Council's affordable housing and regeneration plans (£3.6m) if plans do not progress.

38. The Local Government and Housing Act 1989 states that it is unlawful to approve a budget which will result in a debit position on HRA reserves.

Risks

39. Whilst the sensitivity modelling outlined above (paragraphs 29 – 33) has shown that there is a risk of further increases in the savings targets in certain key scenarios, there is also an immediate and increasing risk to delivery of the scale of savings required. It is therefore crucial that the savings targets are met.

40. The Government's programme of Welfare Reform continues to represent a risk to the Council's ability to collect rental income and may result in increased bad debt charges to the HRA. All new benefit claims are subject to Universal Credit and all existing claims are currently subject to a migration process to Universal Credit that was delayed as a result of Covid-19 and is now anticipated to be completed by December 2024. There is a risk that the migration of tenants to Universal Credit moves at a faster pace than expected. The increase in bad debt provision for rents has been budgeted for 2022/23 at £1.0m.

41. Whilst the full cost implications of implementing the Council's HRA 12 year Asset Management Capital Strategy are still being determined (stock condition surveys are being completed over the next few years), there is a risk that costs are in excess of those in the proposed budget for 2022/23 and in the longer term plan.

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[1] Based on the projection included in the Corporate Revenue Monitor for month 6

42. In addition to these risks above, there are several other financial risks. These are set out in detail in Appendix 4.

Reasons for decision

43. Section 76 (1)-(4) of the Local Government & Housing Act 1989 (the Act) requires local authorities to set a budget for their HRA on an annual basis using the best assumptions available. The Act also specifies that it is unlawful to approve a budget which will result in a debit position on the HRA general reserves.

Equality Implications

44. The Equalities Impact Assessment (EIA) shows that the rent increase is not anticipated to have any direct negative impact on groups with protected characteristics. The appended EIA outlines the potential adverse impact and officers are confident that support measures in place will provide mitigation to any potential negative impact encountered by our tenants.

Risk Management Implications

45. The principal sensitivities and risks are detailed in paragraphs 29-33 and 39-42 respectively and in Appendix 2. These are included in the departmental risk register.

Implications completed by: David Hughes, Director of Audit, Risk and Insurance, 020 7361 2389

Consultation

46. Tenants and residents were consulted on the plans at the Housing Representatives Forum on 18 January 2022 and at the Economy, Housing and the Arts Policy & Accountability Committee on 25 January 2022 to allow the consideration of comments on the implications in advance of any formal decision being taken by Cabinet on 7 February 2022. The consultation responses are at Appendix 6.

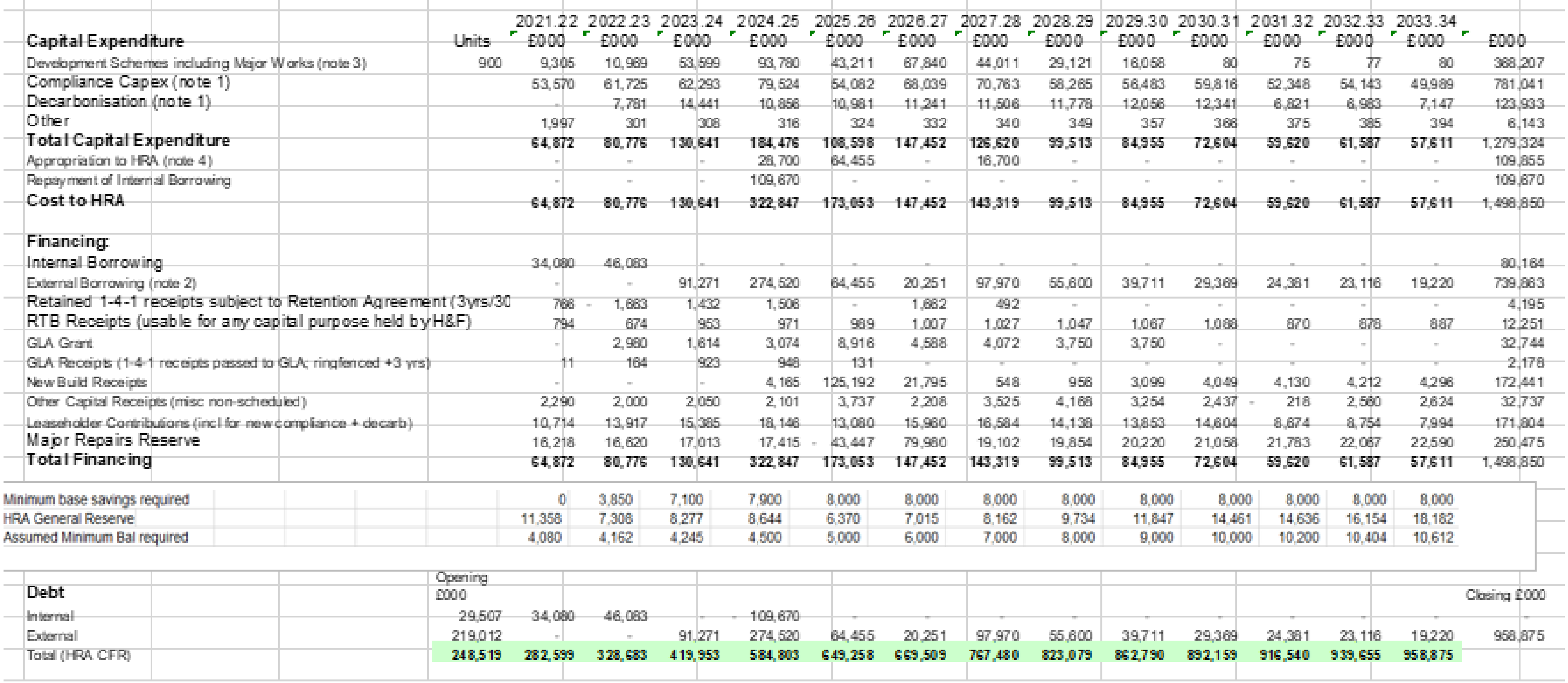
List of Appendices:

Appendix 1 HRA financial plan 2021-2061: 40-year operating account
Appendix 2 Summary of key assumptions and drivers
Appendix 3 Four Year Savings Plan
Appendix 4 Key Risks
Appendix 5 Fees, Charges & Other Income
Appendix 6 Consultation responses

Appendix 1: HRA financial plan 2021-2061: 40-year operating (income and expenditure) account: base financial plan

Year	Year	Total Income £000s	Total expenses £000s	Capital Charges £000s	Annual (Surplus) Deficit £000s	General Reserve b/f £000s	General Reserve c/f £000s
1	2021.22	(82,367)	80,184	8,387	6,204	(17,562)	(11,358)
2	2022.23	(84,503)	80,178	8,375	4,050	(11,358)	(7,308)
3	2023.24	(86,911)	77,304	8,639	(969)	(7,308)	(8,277)
4	2024.25	(91,137)	78,296	12,474	(367)	(8,277)	(8,644)
5	2025.26	(94,339)	80,380	16,233	2,274	(8,644)	(6,370)
6	2026.27	(100,764)	82,063	18,056	(645)	(6,370)	(7,015)
7	2027.28	(104,287)	84,209	18,931	(1,147)	(7,015)	(8,162)
8	2028.29	(108,868)	86,573	20,723	(1,572)	(8,162)	(9,734)
9	2029.30	(112,426)	88,772	21,540	(2,114)	(9,734)	(11,848)
10	2030.31	(117,664)	90,640	24,410	(2,614)	(11,848)	(14,462)
11	2031.32	(118,547)	93,329	25,043	(175)	(14,462)	(14,636)
12	2032.33	(121,679)	94,696	25,465	(1,518)	(14,636)	(16,155)
13	2033.34	(124,526)	96,751	25,747	(2,028)	(16,155)	(18,183)
14	2034.35	(127,612)	98,989	25,868	(2,756)	(18,183)	(20,938)
15	2035.36	(132,957)	101,247	25,836	(5,874)	(20,938)	(26,812)
16	2036.37	(133,852)	103,551	25,779	(4,521)	(26,812)	(31,334)
17	2037.38	(137,135)	105,930	25,648	(5,557)	(31,334)	(36,891)
18	2038.39	(140,493)	108,381	25,624	(6,488)	(36,891)	(43,379)
19	2039.40	(143,903)	110,892	25,624	(7,388)	(43,379)	(50,767)
20	2040.41	(147,263)	113,460	25,624	(8,179)	(50,767)	(58,946)
21	2041.42	(153,161)	117,252	25,624	(10,285)	(58,946)	(69,231)
22	2042.43	(154,097)	118,949	25,624	(9,524)	(69,231)	(78,756)
23	2043.44	(157,262)	121,528	25,624	(10,111)	(78,756)	(88,866)
24	2044.45	(160,716)	124,342	25,624	(10,750)	(88,866)	(99,617)
25	2045.46	(164,495)	127,223	25,624	(11,648)	(99,617)	(111,265)
26	2046.47	(168,550)	130,160	25,624	(12,766)	(111,265)	(124,031)
27	2047.48	(175,718)	133,160	25,624	(16,935)	(124,031)	(140,966)
28	2048.49	(176,987)	136,242	25,624	(15,121)	(140,966)	(156,087)
29	2049.50	(181,349)	139,399	25,624	(16,327)	(156,087)	(172,414)
30	2050.51	(185,810)	142,630	25,617	(17,563)	(172,414)	(189,977)
31	2051.52	(190,325)	147,425	25,604	(17,295)	(189,977)	(207,272)
32	2052.53	(198,544)	149,539	25,557	(23,447)	(207,272)	(230,719)
33	2053.54	(199,510)	152,780	25,425	(21,304)	(230,719)	(252,024)
34	2054.55	(204,251)	156,322	25,304	(22,624)	(252,024)	(274,648)
35	2055.56	(209,129)	159,947	25,205	(23,977)	(274,648)	(298,625)
36	2056.57	(214,195)	163,655	25,112	(25,427)	(298,625)	(324,052)
37	2057.58	(219,458)	167,450	25,089	(26,919)	(324,052)	(350,971)
38	2058.59	(228,764)	171,332	25,048	(32,385)	(350,971)	(383,356)
39	2059.60	(230,390)	175,304	25,048	(30,039)	(383,356)	(413,395)
40	2060.61	(236,048)	179,369	25,048	(31,631)	(413,395)	(445,026)

Appendix 2.1: Summary of key assumptions and drivers



Capital Expenditure	Units	2021.22 £000	2022.23 £000	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000	2028.29 £000	2029.30 £000	2030.31 £000	2031.32 £000	2032.33 £000	2033.34 £000	£000
Development Schemes including Major Works (note 3)	900	9,305	10,969	53,599	93,780	43,211	67,840	44,011	29,121	16,058	80	75	77	80	368,207
Compliance Capex (note 1)		53,570	61,725	62,293	79,524	54,082	68,039	70,763	58,265	56,483	59,816	52,348	54,143	49,989	781,041
Decarbonisation (note 1)		-	7,781	14,441	10,856	10,981	11,241	11,506	11,778	12,056	12,341	6,821	6,983	7,147	123,933
Other		1,997	301	308	316	324	332	340	349	357	366	375	385	394	6,143
Total Capital Expenditure		**64,872**	**80,776**	**130,641**	**184,476**	**108,598**	**147,452**	**126,620**	**99,513**	**84,955**	**72,604**	**59,620**	**61,587**	**57,611**	1,279,324
Appropriation to HRA (note 4)		-	-	-	28,700	64,455	-	16,700	-	-	-	-	-	-	109,855
Repayment of Internal Borrowing		-	-	-	109,670	-	-	-	-	-	-	-	-	-	109,670
Cost to HRA		**64,872**	**80,776**	**130,641**	**322,847**	**173,053**	**147,452**	**143,319**	**99,513**	**84,955**	**72,604**	**59,620**	**61,587**	**57,611**	1,498,850
Financing:															
Internal Borrowing		34,080	46,083	-	-	-	-	-	-	-	-	-	-	-	80,164
External Borrowing (note 2)		-	-	91,271	274,520	64,455	20,251	97,970	55,600	39,711	29,369	24,381	23,116	19,220	739,863
Retained 1-4-1 receipts subject to Retention Agreement (3yrs/30		766	- 1,663	1,432	1,506	-	1,662	492	-	-	-	-	-	-	4,195
RTB Receipts (usable for any capital purpose held by H&F)		794	674	953	971	989	1,007	1,027	1,047	1,067	1,088	870	878	887	12,251
GLA Grant		-	2,980	1,614	3,074	8,916	4,588	4,072	3,750	3,750	-	-	-	-	32,744
GLA Receipts (1-4-1 receipts passed to GLA; ringfenced +3 yrs)		11	164	923	948	131	-	-	-	-	-	-	-	-	2,178
New Build Receipts		-	-	-	4,165	125,192	21,795	548	956	3,099	4,049	4,130	4,212	4,296	172,441
Other Capital Receipts (misc non-scheduled)		2,290	2,000	2,050	2,101	3,737	2,208	3,525	4,168	3,254	2,437	- 218	2,580	2,624	32,737
Leaseholder Contributions (incl for new compliance + decarb)		10,714	13,917	15,385	18,146	13,080	15,960	16,584	14,138	13,853	14,604	8,674	8,754	7,994	171,804
Major Repairs Reserve		16,218	16,620	17,013	17,415	- 43,447	79,980	19,102	19,854	20,220	21,058	21,783	22,067	22,590	250,475
Total Financing		**64,872**	**80,776**	**130,641**	**322,847**	**173,053**	**147,452**	**143,319**	**99,513**	**84,955**	**72,604**	**59,620**	**61,587**	**57,611**	1,498,850
Minimum base savings required		0	3,850	7,100	7,900	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	
HRA General Reserve		11,358	7,308	8,277	8,644	6,370	7,015	8,162	9,734	11,847	14,461	14,636	16,154	18,182	
Assumed Minimum Bal required		4,080	4,162	4,245	4,500	5,000	6,000	7,000	8,000	9,000	10,000	10,200	10,404	10,612	
Debt	Opening £000														Closing £000
Internal	29,507	34,080	46,083	-	- 109,670	-	-	-	-	-	-	-	-	-	-
External	219,012	-	-	91,271	274,520	64,455	20,251	97,970	55,600	39,711	29,369	24,381	23,116	19,220	958,875
Total (HRA CFR)	**248,519**	**282,599**	**328,683**	**419,953**	**584,803**	**649,258**	**669,509**	**767,480**	**823,079**	**862,790**	**892,159**	**916,540**	**939,655**	**958,875**	

Appendix 2.2: Summary of key assumptions and drivers

Key Economic Assumptions

	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34		
Rent inflation		3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%		
CPI		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%		
Interest Rates external	2.00%	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%		
Interest Rates internal	0.10%	0.10%	0.10%												
RTB Sales	12	16	16	16	16	16	16	16	16	16	16	16	16		
note 1															AMP Total
Compliance Capex only current prices	*53,570*	*60,290*	*59,440*	*74,130*	*49,250*	*60,530*	*61,500*	*49,470*	*46,850*	*48,470*	*38,370*	*38,770*	*34,970*	675,610	*622,040*
Compliance and Decarbonisation current prices	*53,570*	*67,890*	*73,220*	*84,250*	*59,250*	*70,530*	*71,500*	*59,470*	*56,850*	*58,470*	*43,370*	*43,770*	*39,970*	782,110	*728,540*

note 2

External borrowing includes repayment of internal debt

note 3

Development Schemes including Major Works	Units	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
1 Property Acquisitions	4	770	19	19	20	20	20	20	20	20	19	13	14	14	988
2 Spring Vale	10	1,252	-	-	-	-	-	-	-	-	61	62	63	64	1,502
3 Barclay Close	6	7	7	760	45	1,094	1,008	0	-	-	-	-	-	-	2,923
4 Becklow Gardens	12	1,673	49	50	99	2,365	1,799	1	-	-	-	-	-	-	6,036
5 Commonwealth Avenue	35	76	77	4,970	11,372	447	-	-	-	-	-	-	-	-	16,942
6 Hartopp & Lannoy Point	113	223	3,259	18,503	18,503	2,512	-	-	-	-	-	-	-	-	43,000
7 Old Laundry Yard	32	2,919	729	14,974	7,212	59	19	-	-	-	-	-	-	-	25,912
8 White City	129	626	5,135	12,251	46,873	14,659	37,452	2,889	-	-	-	-	-	-	119,884
9 Education City (note 4)	119	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Avonmore School (note 4)	43	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Flora Gardens School (note 4)	52	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Farm Lane (note 4)	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Lillie Road (note 4)	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Mund Street (note 4)	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 The Grange	8	19	19	1,105	484	3,421	845	-	-	-	-	-	-	-	5,893
16 Land Adjacent to Jepson House	23	68	1,669	523	9,023	4,877	13	-	-	-	-	-	-	-	16,173
17 Hemlock Garages	3	6	6	444	149	1,040	224	-	-	-	-	-	-	-	1,868
18 Homes and Communities Strategy	-	1,238	-	-	-	-	-	-	-	-	-	-	-	-	1,238
19 Affordable Housing Delivery	-	428	-	-	-	-	-	-	-	-	-	-	-	-	428
20 Yet to be Identified Schemes (all affordable units)	224	-	-	-	-	12,718	26,460	41,101	29,100	16,039	-	-	-	-	125,417
Unscheduled 1-4-1	5	-	-	-	-	857	890	924	-	-	-	-	-	-	2,672
Unscheduled GLA Grant	219	-	-	-	-	11,861	25,570	40,176	29,100	16,039	-	-	-	-	122,746
Total Development	900														368,207
note 4															
Appropriations															
9 Education City		-	-	-	-	55,304	-	-	-	-	-	-	-	-	55,304
10 Avonmore School		-	-	-	14,040	-	-	-	-	-	-	-	-	-	14,040
11 Flora Gardens School		-	-	-	14,660	-	-	-	-	-	-	-	-	-	14,660
12 Farm Lane		-	-	-	-	3,846	-	-	-	-	-	-	-	-	3,846
13 Lillie Road		-	-	-	-	5,305	-	-	-	-	-	-	-	-	5,305
14 Mund Street		-	-	-	-	-	-	16,700	-	-	-	-	-	-	16,700
Total Appropriation Cost		-	-	-	28,700	64,455	-	16,700	-	-	-	-	-	-	109,855
Total Development including appropriation															478,062

Appendix 3

Housing Revenue Account: Four-year growth and savings plan 2022/23 – 2025/26

Division	Description	Budget Change Cumulative (£000s)			
		2022-23	**2023-24**	**2024-25**	**2025-26**
Housing Income	Acceleration of the garages refurbishment programme	(199)	(199)	(199)	(199)
Regeneration & Development	Reduction in budget for project feasibility costs	(100)	(100)	(100)	(100)
Corporate Support Service Recharges	Review of corporate SLA recharges (£828,000 of which £734,000 was already assumed with the savings plan)	(94)	(94)	(94)	(94)
Housing Management	New temporary accommodation at Underwood House	(84)	(84)	(84)	(84)
Finance & Resources	Improved income collection through procurement of arrears reporting service	(50)	(100)	(100)	(100)
Housing Income	Review of sheds charging policy	(25)	(50)	(50)	(50)
Housing Income	Income from telecommunications masts	(25)	(25)	(25)	(25)
Place Services	Service insourcing opportunities	0	0	(100)	(100)
Housing Management	Service insourcing opportunities	0	0	(316)	(316)
Firm Savings		**(577)**	**(652)**	**(1,068)**	**(1,068)**
Housing Income	Locality and Vacant assets	(150)	(150)	(150)	(150)
Place / Finance	Consolidation of income collection functions	(40)	(40)	(40)	(40)
All	Housing Transformation Programme - Consolidation	0	(1,250)	(1,250)	(1,250)
Property & Compliance	Housing Transformation Programme - Channel shift	0	(350)	(690)	(690)
All	Housing Transformation Programme - Reducing operating costs	0	(100)	(100)	(100)
Finance	Review of corporate recharges (non-SLA)	0	(80)	(80)	(80)
Pipeline Savings		**(190)**	**(1,970)**	**(2,310)**	**(2,310)**
Unidentified Savings		**(3,453)**	**(4,848)**	**(4,892)**	**(4,992)**
Total Savings		**(4,220)**	**(7,470)**	**(8,270)**	**(8,370)**
Property & Compliance, Voids and Repairs, DLO	Investment in the long term repairs model	370	370	370	370
Growth required		**370**	**370**	**370**	**370**
Net Growth / (Savings)		**(3,850)**	**(7,100)**	**(7,900)**	**(8,000)**
Savings requirement		**3,850**	**7,100**	**7,900**	**8,000**

Appendix 4

Housing Revenue Account: Key Risks 2022/23	Lower Limit £000s	Upper Limit £000s
Quantifiable Risks		
Welfare reform - the budgeted bad debt provision provides some protection against the impact on rent collection rates as a result of the Government's Welfare Reform programme. However, there remains some risk. Given that the households involved are on very low income levels it is likely that any increase in arrears would be uncollectable and the annual exposure is estimated in the region of between £3.0m and £5.9m for 2022/23, assuming mitigating actions are in place. The rental income team works closely with tenants in financial hardship to ensure they have access to benefits to which they are entitled and the Council continues to promote payment by direct debit to tenants. As a "trusted partner", the Council can apply directly to the DWP for "alternative payment arrangements" (APAs) for individual tenants before they fall into significant arrears. The APA means that benefits for housing costs can be paid directly to the Council.	3,000	5,900
Right to Buy (RTB) disposals - a level of Right to Buy disposals (16 per annum from 2022/23 onwards) has been assumed within the business plan. There is a risk that unbudgeted levels beyond the Council's control could impact on the net income due to the HRA as rents are no longer due. The upper limit set out here assumes that the level of applications currently projected (110) all progress to RTB sales.	0	550
Total Quantifiable Risks	**3,000**	**6,450**

Key Risks 2022/23
Unquantifiable Risks
Covid-19 – although a vaccination programme has been implemented, there remains a risk of increases in residential and commercial rent arrears and voids losses due to the resulting economic downturn and the potential impact of Brexit. The Council could also see additional costs such as claims from contractors, extended preliminaries, storage and inflated material costs. The Government has not provided funding for income losses and additional costs relating to Covid-19 experienced by the HRA.
Housing repairs – unpredicted events may result in additional expenditure (for example, following new health and safety directives, legislation, insurance claims). Sufficient HRA general reserves are needed to provide a financial provision that mitigate against this risk.
The **Building Safety Act and Fire Safety Act** will require H&F, as landlord, to resource significant additional investment, both revenue and capital, to achieve compliance. Revenue costs will include the legal requirement to designate Building Safety Managers to its 68 higher risk buildings (3,500+ households) and undertake additional prescribed maintenance and inspection of its 17,000 fire doors on a quarterly/six monthly cycle. Its 68 higher risk buildings will need continued capital investment in fire and structural safety to fulfil the requirements of the Building Safety Regulator and prescribed Building Assurance Certificate.
Risk to recruitment – given the shortage of appropriately qualified technical staff available on the market required to develop, scope, specify and procure fire safety capital works due to high demand in a post-Grenfell environment, there is a risk that the delivery of the Council's compliance-based Asset Management Capital Strategy may be significantly delayed and at an increased cost.
Uncertainty in Government rent policy beyond 2025 – There is uncertainty in Government policy on social rents beyond 2025
Market risk on re-procurement and recruitment – there is a risk that it will become harder to re-procure contracts or recruit staff at the predicted rates. This risk is mitigated by the long term repairs contract procurement and the current economic environment has reduced the pressure on labour market costs.
Other changes in central Government policy towards social housing

Key Risks 2022/23
Additional fire safety costs – fire safety improvements to the housing stock above and beyond the current plans (which are already above legal minimum standards) may be required as stock condition surveys and investigations reveal the full cost of implementing the Hackitt recommendations.
Brexit and the state of the UK economy – this includes the impact on the housing sector on costs of a weakening currency, loss of grants funding opportunities, potential inflationary pressures on contracts and an increase in tenant rent arrears.
Depreciation – a risk that the depreciation charge could change as a result of changes in housing stock valuations or from changes in the regulations governing HRA assets. While any increase in the depreciation charge would provide more ring-fenced funding for the capital programme, it would result in lower revenue reserves. Revenue reserves can be used to cover revenue or capital risks so any movement in funds from revenue to capital restricts flexibility.
Asbestos management – as fire safety works are undertaken, asbestos will be encountered and require removal. The costs are unknown as its presence in many circumstances is unforeseeable.
Additional compliance costs and other repairs risks such as uninsured events
Aging housing and asset stock condition maintenance – the housing stock requires significant investment to maintain structural safety and upgrade assets including communal boilers, lifts etc to meet current standards and ensure the safety of residents. Historic construction methods reveal deficiencies such as structural weaknesses, which significant numbers of our buildings exhibit. Immediate risks can be addressed but investment is required to halt deterioration to ensure the longevity of the stock. This has been addressed via the Asset Management Capital Strategy but there is a risk that the investment required will exceed the approved resources.
Medium Term Financial Strategy – there is a risk to future savings expected to be delivered in accordance with the HRA four-year savings plan.

Appendix 5
Fees, Charges & Other Income

Heating charges

Tenants and leaseholders who receive communal heating (around 1,811 properties) pay a weekly charge towards the energy costs of the scheme. The Council meets the costs of heating in the year, and recharges tenants and leaseholders based on an estimated cost and usage.

The Council is part of the LASER energy procurement group, which purchases energy on behalf of 48 local authorities. A system of flexible procurement is used which should ensure that LASER tenders for new energy contracts on a rolling basis, so that it can purchase when rates are low.

An estimate has been prepared in consultation with the Council's utilities management function of the new contract rate the Council can expect to achieve. Based on this estimate, combined with the need to balance the heating account for the year, and despite recent increases in the cost of energy, no increase in charges is proposed for 2022/23.

Garage rents

There are 1,121 garages in H&F of which 879 occupied units are rented by licence holders.

H&F standard sized garages are currently charged at the weekly prices of £24.46 for Council tenants and leaseholders, £46.24 for private residents of the borough and £66.08 for non-borough residents. The smaller motorcycle garages are charged at a fixed rate of £18.35 per week.

Currently blue badge holders and pensioners are offered discounts at 25% and 10% respectively.

The current garage pricing is competitive with other local authorities and a garage refurbishment programme is enabling voids to become viable again for lettings. H&F's garage lettings strategy varies from many other local authorities in that residents both within and out of the borough can rent garages and licencees can use garages for either vehicles or general storage.

It is proposed to increase garage charges for council tenants, resident leaseholders and for other customers from April 2022 by 1.5%, lower than CPI of 3.1% (as at September 2021).

Parking permits

Permit parking in H&F is in place on estates that have traffic orders. There are 2,800 parking bays across 36 traffic order sites and 1,700 permit holders. Blue badge holders and motorcycle users have access to the bays but are not required to buy a permit.

All estate parking zones use the same rulings and enforcement as on-street parking. On that basis the prices for estate permits are the same as the on-street equivalent and estate residents have option to purchase both permits for the same vehicle.

Currently H&F parking permits are charged at £71 for 6 months or £119 for 12 months for the first vehicle. Second vehicles are charged at £260 for 6 months and £497 for a year. There are concessionary rates of £60 for 12 months for first vehicles that have <100g per km of CO^2 emissions and free permits for fully electric vehicles.

Car space rentals

Residents can rent an allocated parking space on the non-traffic order sites which gives them exclusive access to that bay during their licence. This is open both to Council tenants/leaseholders and private residents/companies in the borough. There are 290 car spaces for rent on estates in H&F of which 139 are occupied.

The current charges range for Council tenants and leaseholders per week from £2.85 for uncovered bays to £3.22 for covered bays. Private residents can rent a space on one of the commercial sites for £29.06 per week (inclusive of VAT). There is a concessionary rate of 25% discount for blue badge holders available.

It is proposed to implement a general 1.5% increase in car space charges from April 2022. This is lower than CPI of 3.1% as at September 2021.

Leasehold after sale – Home Buy fees

To move towards recovering the costs of service provision, it is planned to increase the fee by 1.5% from £200 to £203.

Advertising income

The annual budget for income generated from advertising hoardings located on housing land has been reduced by £30,000 to £390,000. This follows a commercial review of all sites based on current market conditions.

Legal and accounting advice previously has confirmed that the income and expenditure associated with advertising hoardings on HRA land should be accounted for within the HRA.

Rents on shops

The budget for commercial property rents for 2022/23 has been increased by £33,800 to £1.474m. The increase in net income is due to an expected reduction in void rates from 10% to 5% to reflect market conditions based on informed assumptions from the Council’s Valuation & Property Services team. Additionally, the budgeted charge for the bad debt provision has been set at £100,000 for 2022/23.

Appendix 6
Consultation Responses

Tenants’ feedback from the Housing Representatives Forum on 18 January 2022 indicated support for the 1.5% rent increase.

The Economy, Housing and the Arts Policy & Accountability Committee on 25 January 2022 also confirmed their support for the 1.5% rent increase. A concern was raised with regard to the risks facing the HRA in terms of the savings requirement and levels of reserves. Further reports will be provided as the savings plans are developed over the coming months.

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 07/02/2022

Subject: Short Breaks Statement and Pathways to Assessment Guidance

Report of: Councillor Larry Culhane, Cabinet Member Children and Education

Report author: Becky Powell, Short Breaks Manager, Hannah Parrott, Commissioning and Contracts Officer

Responsible Director: Jan Parnell, Director of Education

SUMMARY

The following outlines updates to the Hammersmith and Fulham (H&F) Short Breaks Statement. The Statement details H&F's offer of short breaks available for children with disabilities[1] and their families in Hammersmith and Fulham, published in 2011.

The proposed updated version reflects statutory duties, current practice and feedback from coproduction and public consultation which has recently taken place.

The statement and guidance have been extensively co-produced with ParentsActive, reflecting the H&F value of doing things with residents not to them.

RECOMMENDATIONS

To Approve the updated Short Breaks Statement and Pathways to Assessment document, attached at Appendix 1 and 2.

Wards Affected: All

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[1] H&F is committed to the Social Model of Disability, which frames disability as something that is socially constructed. Disability is created by physical, organisational, and attitudinal barriers and these can be changed and removed. It is also a dynamic and positive model that both identifies the barriers that disable people with impairments and how these barriers can be removed, minimised, or countered by other forms of support. Therefore, we use the language of disabled people (in this case children & young people) who have impairments or health conditions.

Our Values	**Summary of how this report aligns to the H&F Values**
Building shared prosperity	Ensuring the right level of support is offered depending on the needs of the individual to ensure children, young people and their families are given the best opportunities to thrive.
Creating a compassionate council	Listening and responding to feedback from parents, carers and the Parent Forum regarding what was working well, what needed improvement and where the gaps were with regards to the short breaks offer to co-produce the arrangements for short breaks.
Doing things with local residents, not to them	The Short Breaks Statement and Pathways to Assessment guidance has been co-produced with ParentsActive and developed in response to feedback received through consultation with wider stakeholders.
Being ruthlessly financially efficient	There are no anticipated cost implications as a result of alteration of the statement and newly introduced guidance.
Taking pride in H&F	Ensuring a world class SEND service for children and young people with disabilities in H&F through the offer of short breaks, ensuring our local offer of support available is designed to meet the specific needs of children and young people with disabilities and their families.
Rising to the challenge of the climate and ecological emergency	There are no anticipated climate and ecological impacts on alteration of the statement and newly introduced guidance.

Financial Impact

There should be no cost implication because this report seeks approval for an updated Short Breaks Statement and Pathways to Assessment document.

Legal Implications

Short Breaks provisions are set out in Children Act 1989 and The Breaks for Carers of Disabled Children Regulations 2011. In essence, the statutory duties of the Council are to have regard to the needs of those who provide care for a child with disabilities who would be unable to provide care unless breaks from care are given to them and have regard to the needs of those carers who would be able to provide care for their child with disabilities more effectively if breaks from care were given to them to allow them to: Undertake education, training or regular leisure activity; meet the needs of other children in the family more effectively; carry out day to day tasks which they must perform in order to run their household.

The Council must provide a range of services so far as is reasonably practicable to assist carers to continue to provide care or do so more effectively. This must include a range of services daytime/ overnight care, educational, leisure activities and services to assist in both the evenings, weekends and during the school holidays.

The Council must prepare a statement for carers which gives details of the range of services provided under the Regulations setting out the eligibility criteria and how the range of services will need the needs of the carers.

In addition, under the Chronically Sick and Disabled Persons Act 1970 a local authority must make arrangements for services for children with disabilities including outings and other recreational activities outside of the home.

Under Children and Families Act 2014 it is stated that a local authority must keep these services under review and consider how the proposed services will be sufficient in meeting the needs (educational, training and social care) of the children and young persons concerned. Furthermore, in reviewing these services there is a specific duty to consult with relevant people set out in section 27(3).

Approval of the updated Short Breaks Statement and Pathways to Assessment document contributes to the fulfilment by the Council of these obligations

Contact Officers

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Telephone: 0208 753 2695
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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

Option 1 – H&F publish an updated Short Breaks guidance which takes account of the recent consultation undertaken with stakeholders.

1. A consultation exercise has been completed. The Short Breaks Statement and Pathways to Assessment document has been updated taking this into account. It will then be published to replace the current statement.

2. This option meets the local authority's duty to take into consideration the views of parents, carers, children and young people with disabilities and the voluntary sector organisations working with people with disabilities when preparing and revising the statement. Additionally, this option complies with the framework provided by the Aiming High for Disabled Children Core Offer which sets the national expectation that children, young people and their families will be actively involved in the planning and delivery of services in their local area.

3. Following the implementation of this updated guidance, it is proposed the internal guidance be updated to support professional understanding in navigating the responsibilities of each service within the pathways for assessment and support outlined in appendix 2.

4. This is the recommended option.

Option 2 – Do not update the Short Breaks, retaining the current version

5. This option would see the current Short Breaks Statement, published in 2012, remain without amendment.

6. The statement would not reflect current practice or advice offered via the Local Offer and Stephen Wiltshire Centre. Additionally, this option would fail to follow the duty incumbent on the local authority as stated by the Department of Education 'short breaks for carers of disabled children: departmental advice for local authorities'. This advice states the statement must be kept under review and it should be revised when new services become available, or when there are changes to existing services. This option would also mean H&F are not responding to feedback received from parents/carers and professionals.

7. This is not the recommended option.

Reasons for Decision

7. The Children Act 1989 requires local authorities to provide services designed to assist family carers of children with disabilities 'to continue to [provide care], or to do so more effectively, by giving them breaks from caring'. As part of this duty local authorities have a statutory duty to publish a short break service statement, which sets out the short break services available in their area, the assessment pathways to accessing those services and how those services meet the needs of

carers in the area. The duty also requires local authorities to keep the statement under review and where appropriate revise the statement. When reviewing short breaks provision the local authority also have a statutory duty under the Children and Families Act 2014 to consult with parents, carers, children and young people with special educational needs and disabilities.

8. The current H&F Short Breaks Statement was produced in 2012, providing guidance to parents and carers on support available to children and young people with disabilities. Information on H&F's short breaks offer is also provided on the Local Offer website and through the Stephen Wiltshire centre.

9. Following both a review of the guidance by officers and extensive co-production with the ParentsActive Steering Committee, it is recommended that the current statement is updated to reflect the current service offer with additional information included in the document such as clear Pathways to Assessment. This guidance outlines eligibility based on level on need, providing clarity for both parents/carers and professionals. The updated document also provides consistency of information published by the local authority including information provided on the Local Offer website and at the Stephen Wiltshire centre.

10. An update of the Short Breaks Statement and Pathways to Assessment document based on feedback received to date has been co-produced with ParentsActive. Additionally, a consultation exercise has been completed with wider stakeholders in line with the H&F priority of doing things with residents not to them to ensure the updated criteria reflects the needs and views of parents/carers, service users and providers.

Equality Implications

11. There are no anticipated equalities issues. An Equality Impact Assessment has been completed on 17/06/21 prior to consultation and has been kept under review. This can be found at Appendix 3.

Risk Management Implications

12. The recommendation set out in this report will enable the Council to continue to fulfil its statutory duties and provide appropriate services and support the vulnerable residents and their families. The Short Breaks Statement has been updated to take account of feedback received through consultation responses which is in line with the Council objective of doing things with local residents, not to them.

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

Climate and Ecological Emergency Implications

13. There are no anticipated climate and ecological impacts on alteration of the statement and newly introduced guidance.

Implications verified by: Jim Cunningham (Climate Policy and Strategy Lead, 07468 365 829)

Consultation

14. Following approval of the consultation strategy by the Children's Leadership Team and Cabinet Member for Children and Education in July 2021, a public consultation was launched via CitizenSpace, closing on 2nd November 2021. This consultation was extended from the original timeline to accommodate the summer holiday period.

15. The consultation exercise was separated into three surveys: the first requesting feedback from parents/carers and young people on the draft Short Breaks Statement and Pathways to Assessment guidance, the second requesting feedback from providers on the Short Breaks Service and the third requesting feedback from parents/carers and young people on the Short Breaks Service.

16. The consultation was shared via the Children's Services staff newsletter, school staff zone newsletter, the H&F website, the Local Offer website and ParentsActive parent forum. Additionally, information on the consultation was shared with parents during the vaccination sessions held at the Stephen Wiltshire Centre. Two consultation events were held jointly by the Short Breaks service manager and ParentsActive both in person and virtually via Zoom.

17. The total number of responses received was low despite efforts by the service to publicise the activity. 5 responses were received from parents/carers and young people in response to the draft Short Breaks Statement and Pathways to Assessment guidance, 3 responses were received from providers on the Short Breaks Service and 12 responses were received from parents/carers and young people on the Short Breaks Service.

18. **Following the consultation, it was suggested that further work be taken regarding the design of the statement and guidance. This design work is currently pending, however does not impact the material content of the appendices.**

LIST OF APPENDICES

Appendix 1: Short Breaks Statement

Appendix 2: Pathways to Assessment

Appendix 3: H&F Equality Impact Analysis Tool

APPENDIX 1

Short Breaks Statement

January 2022

Short Breaks Statement Contents

1. Introduction

H&F are committed to the support of children with disabilities and their families. This Short Breaks statement is about that offer of support available locally, how the services are organised, and routes to access them. This statement was created in partnership with children, parents and providers and it meets our duty as identified in the Children and Families act 2014**.**

2. How the H&F short breaks offer, and statement was developed

In 2017 a detailed audit of local services was completed. This review engaged young people, parents and carers to get feedback about what about short breaks was working well and what needed improving and where there were gaps. The findings of that review led to arrangements for short breaks being co-produced with parents and carers. The offer and this statement will continue to be reviewed and updated with parents, carers and young people.

3. What is a Short Break and why are they provided?

Short breaks might include attending group activities after school, at weekends or in the holidays, it might be individual support in the community with a carer or it could be funds to arrange your own support. The sort of break and the level of support depends on the needs of individuals. These breaks can offer parents/ carers and siblings time away from caring.

The council is proud to provide short breaks where an assessment identifies they are necessary for the child and family. The Children Act 1989 requires Local Authorities to assess Childrens needs and the Chronically sick and disabled persons act 1970 requires that we provide short breaks to meet these needs. The Breaks for Carers of Disabled Children Regulations came into force on 1st April 2011, requiring each Local Authority to provide ‘so far as is reasonably practicable, a range of services designed to meet the needs of families with disabled children’.

The Children and Families Act 2014 also places a duty on the Council to produce a ‘Local Offer’ providing information relating to the provision of Short Breaks and to publish a Short Breaks Statement on the Local Offer. (www.lbhf.gov.uk/localoffer)

4. Who are Short Breaks for?

These breaks are for children with disabilities. To be eligible for short breaks children need to:

- be under 18 years old
- be resident in H&F
- have a physical or mental impairment that has a ‘substantial’ and ‘long-term’ negative effect on their ability to do everyday activities.

The most appropriate route to access support, including short breaks can be identified with reference to the Table of abilities and needs (Pages 11-12).

5. Assessment options

Children’s services have a range of different ways to meet the needs of families. Children will be allocated a worker from the most appropriate team, based on their needs if a family wish or need an assessment to be completed.

6. Who completes the assessment?

Other than a universal or core service offer (see appendix B, page 7), all other support will be based on an individual assessment of the child’s needs. This might be a statutory child-in-need assessment completed by a social worker, or a non-child-in-need assessment completed by another social care professional.

All assessments are holistic, which means they will include feedback from the family and any services involved with them. All assessments are individual, and person centered.

7. Assessment tools and process

In completing the assessment, the allocated worker speaks with the child, family and other professionals, as appropriate, to gather information. The assessment reflects all their views. The worker then discusses options for support with the family and shares with them the proposed package of support. The completed assessment and proposed planned support are submitted to the team manager and if agreed by the family and manager it is then submitted for ratifying to the funding panel. If the family and allocated worker do not agree, discussions will continue with involvement of the team manager. Some assessments may be submitted to panel reflecting both positions for the panel to consider. Terms of reference and procedures for panels are available on request.

8. Reviews

The period for review of a child's assessment and support or care plans will be set by the team manager or panel. For complicated or new packages of support this review could be after a few weeks or months. For stable packages this could be 12 or 18 months. The proposed package and review period will be discussed with the family prior to seeking authorisation. Any review period must consider key transition points e.g. changing schools, preparation for adulthood or life events such as moving home.

9. The Short Breaks Offer

There are a range of services to meet the needs of disabled children and young people, and their families. These include stay and play sessions, youth clubs, holiday schemes, weekend activities as well as parental advice, information, support and sign posting. Some of the activities are universal others are specialist.

Some short breaks, such as holiday schemes and stay and play sessions at The Stephen Wiltshire Centre are delivered directly by the council and others are commissioned or purchased from trusted partners including Action on Disability, Learning Through Play, Q House and the Play Association Hammersmith and Fulham (PAHF). Let Me Play offer a wide range of universal options as do our local children's centres. We also work closely with local care agencies. Direct Payments are also available, these are where families are given money to organise their own support instead of a direct service.

The offer of support will vary subject to age, level of need of the child and their family. Any offer will be based on need and the offer will be subject to regular review which could lead to changes in the offer. This review would be through conversation between the family, children's lead professional (i.e. family support worker, short breaks worker or social worker), the short breaks provider/s and any other relevant people in the child's network.

The support options may include an assessment of the child's needs as part of the identification of a proposed package of support, which is discussed with families, team managers and funding panel before final agreement. The review periods are also considered at the funding panel and will vary subject to the complexity of the package, stability of the child and family's needs and circumstances.

10. The Local Offer

There are four levels of support available for children and families in H&F. The Universal, Core, Targeted and Bespoke offers. The Universal level is open to all children. Core, Targeted, and Bespoke levels are designed to meet the specific needs of children and young people with disabilities and their families.

11. Universal services, information and support

Not all children with disabilities are eligible, need or want specialist social care services or support. Information about local services for children with Special Educational Needs and Disability Services (SEND) and their families can be found on the SEND Local Offer: www.lbhf.gov.uk/localoffer.

Families can also access support through universal services or family centres directly.

Our early help service 'Family Support' can advise and provide information and support with a wide range of issues, including inclusive services locally and information about family centres.
How you and your family can get support | LBHF

There is a universal childcare offer of 15 hours per week for 3 and 4 year olds and up to 30 hours per week for some families. Depending on circumstances parents may incur top-up costs. There is also free learning for 2-year old for eligible groups.
Link to 3-4 year old funding offer
Link to 2-year old offer

12. The core Short Breaks offer

As well as the universal support available, children and young people who have higher needs are likely to benefit from the core short breaks offer. Available breaks will depend on the age of the child. To access this support, contact The Stephen Wilshire Centre or Action on Disability (see contacts section).

We will discuss your needs with you to identify the best next steps. You will not need a detailed assessment of your child's needs, however if you want or require additional support, an assessment can be completed to consider options with you.

The core offer is:

- Specialist advice and information support from The Stephen Wiltshire Centre (SWC)
- Drop-in Stay and play on Sundays for the whole family at SWC (with parents)
- Drop-in Stay and play on Fridays during holidays for the whole family at SWC (with parents)
- Drop-in Stay and play on Mondays term-time, under 5's only at SWC (with parents)
- Drop-in Stay and play on Wednesdays term-time, under 5's only at SWC (with parents)

The Core offer for children aged 8 years and over;

- One after school club every other week and 6 sessions a year during school holidays at The Stephen Wiltshire Centre (without parents)

or

- Youth clubs and holiday activities delivered by Action on Disability (over age 11yrs)

13. Potential other levels of service

For children and young people whose needs are not met by the core offer, additional support may be available through the targeted or bespoke offers following an assessment of needs.

14. The targeted offer

Children and young people who have higher needs than those accessing the core offer are likely to benefit from the targeted short breaks offer. This offer can only be accessed following an assessment of needs.

The targeted offer is:
Advice and support and/or a funded package enough to meet assessed needs. This could be 1:1 carer hours or funding to access groups, clubs or other activities.

It could be Direct Payments, where the family are given funds to arrange their own support. The level will be based on the individual assessment. Visit this link for more about: Direct Payments

- The level will be based on the individual assessment and may be equivalent to approximately 3-6 hours of support per week

15. The bespoke offer

This is for children and young people whose needs cannot be met with currently available services, these children will be allocated and assessed in a Social Work team, under the child in need framework. A bespoke package could include overnight provision where this is identified as needed, might include a joint package with health and is likely to have more frequent reviews than other packages of support.

16. Cost of Short breaks

Activities delivered or commissioned by the council are free to attend but may ask for a contribution towards entry fees or travel for some activities, if the child does not have an annual entry pass or freedom pass. However, no child is excluded from activities because of the families' financial situation and providers will consider each family individually.

Activities delivered by other providers may have some costs, however these will be clearly communicated to parents prior to booking.

17. Travel and transport

Help with transport is available for families where the child's assessment of needs identifies they could not access their assessed need short breaks without it.

Travel assistance might take the form of a travel budget, where families are given some funds to organise transport, support from a worker to get to the activity or the council organising transport. If you would like to request travel assistance for short breaks, please speak to your Lead Professional.

18. Continuing to improve

We are committed to continue to improve the short breaks offer, including work to develop inclusion in universal services and co-production of the local offer.

We would be interested to learn about your experience of short breaks in Hammersmith and Fulham. If you have had a positive experience, if you think things could be improved or you have identified any gaps, please contact The Stephen Wiltshire Centre or Parentsactive we would love to hear from you. All contact details are at the end of this document.

19. Appeals and complaints

If you are unhappy about any aspect of a short break activity, please speak with the provider of the short break in the first instance.

Following an assessment, if a young person or family is unhappy with the services or support recommended, they are advised to contact the social worker or lead professional who completed the assessment to discuss their concerns.

If this does not resolve the issue, parents can direct their concerns to the team manager. If they conclude that the decision was based on incomplete or inaccurate information, or that proper account was not taken of the information available, the report author will be asked to review their recommendations and re-submit proposals to their manager.

If the young person or parent is not satisfied with the response from the team manager, they can contact the panel chair or Service Manager to discuss their concerns.

To take a complaint further please see information about the H&F formal complaints procedure at Childrens Social Services Complaints or you can email your complaint to CS.Complaints@lbhf.gov.uk

20. Further information and Contacts

The Stephen Wiltshire centre

The centre operates as hub for the community where social care, health, education and voluntary sector partners offer a programme of services, information, training and support for children, parents, carers and professionals.

Families can link with Parentsactive, Benefits Advice, Independent Advice and Support Service (IASS), Education Health and Care Plan (EHCP) support and have access to their lead workers. The aim is for families to be well supported by the right person, at the right time in the most accessible way. For more information about the centre visit:

The Stephen Wiltshire Centre
Queensmill Road, Hammersmith SW6 6JR.
Telephone 0208 753 4443
E-mail: StephenWiltshireCentre@lbhf.gov.uk
Website: http://lbhf.gov.uk/stephenwiltshirecentre

The Family Services and Disabled Children's Team
These are the contacts for the H&F social work teams for children
145 Kings Street Hammersmith W6 9JT
Telephone 0845 313 3935
E-mail: familyservices@lbhf.gov.uk

Parentsactive
65, Aspenlea Road, London W6 8LH
Telephone 020 8748 5168 option 4
E-mail: info@parentsactive.org.uk
Website: www.parentsactive.org.uk

SENDIASS (SEND Information Advice and Support Service)

Your Voice in Health and Social Care (YVHSC) deliver this service. It is a free, independent, impartial and confidential service providing information advice (formerly known as the Parent Partnership Service) supporting parent/carers of children and young people with special needs or disabilities and young people with special needs or disabilities.

Phone**:** 020 3886 1582
Email**:** info@hfsendiass.org.uk
Website: http://www.hfsendiass.org.uk

Contacts details SEN

If you would like to contact the Special Educational Needs Service (SEN Service), you can do so by calling 020 7361 3311 or emailing SEND@lbhf.gov.uk

21. Local short breaks providers details

Although this list has been created in good faith, please contact providers directly for the most up to date information, particularly as Covid restrictions can impact organisations without notice.

Universal services

SEND Local Offer.

This resource includes information about a wide range of activities, service and supports for children and families with additional needs; www.lbhf.gov.uk/localoffer

Summer in The City:

A resource and activities guide for the summer about local activities
http://mysummerinthecity.org.uk/

The Family Support service

This service can advise and provide information about a range of topics and inclusive services locally, including information about Family Centres: How you and your family can get support | LBHF

Universal childcare offers

There is a universal childcare offer of 15 hours per week for 3 and 4 year olds and up to 30 hours per week for some families. Depending on circumstances parents may incur top-up costs. There is also free learning for 2-year old for eligible groups.

Link to 3-4 year old funding offer

Link to 2-year old offer

Let Me Play Action,

This Community Interest Company is proud to support young people in Hammersmith & Fulham with holiday provision. Every year across holiday periods we provide a range of activities covering sport, art, education and fun! We have delivered in this way for the past 7 years and it forms an important part of what we do and what we are about. Please do email: info@letmeplay.co.uk for more information

Specialist services

The Stephen Wiltshire Centre is a specialist council run centre is working towards becoming a site of excellence for children and young people with special educational needs and disabilities [SEND] and their families. The centre offers a range of activities which have included drop-in activities for the whole family (all ages), individual short breaks for children and young people with a disability (over 8's) and group short breaks for children and young people with a disability (over 8's).

Personal budgets and Direct Payments.

These enable families to organise services in a way that suits them instead of receiving them directly from the council or NHS. The size of your budget will depend on the needs, and complexity of your child's disability as identified in an assessment completed together with you your lead professional.

A personal budget can be used to employ care and support staff, to pay for short break activities and for some specialist equipment. A support plan will be agreed between the council and family about how the funds will be spent to meet agreed outcomes.

Direct Payments: these are a means to pay a personal budget to the family. The funds are paid by the council or NHS into a dedicated bank account or onto a pre-paid card. The family receive invoices or timesheets and pay the supplier or staff directly. If the family employs staff, they are responsible for making sure any employment requirements are met.

For more detailed information view the Direct Payments guidance; Visit this link for more about: Direct Payments

Action on Disability

Group based activities for young people aged 11-25 years through youth clubs and during school holidays

Included in the core offer

Email: info@actionondisability.org.uk

Call: 020 7385 2098 / 020 7381 2042

Website: https://www.aod.org.uk/youth-service

Play Association Hammersmith and Fulham
Group based activities for children aged 8-18 years at weekends and during school holidays
Available only through an assessment of needs
Email: info@playassociationhf.org.uk
Call: 020 7736 3699
Website: https://www.playassociationhf.org.uk

Learning through play
Group based activities for children aged 8-18 years at weekends and during school holidays
Available only through an assessment of needs
E-mail: learnthroughplay@cshf.co.uk
Call: 07541 902562

Hammersmith and Fulham Mencap
E-mail: Info@hfmencap.org
Call: 020 8748 5168
Website: https://hfmencap.org/play-inclusion

Q House and Queensmill school
Group based activities for children aged 5-18 years who attend the school.
Available only through an assessment of needs

Table 1 – Table of abilities and needs to help identify likely appropriate routes for assessment and support

Identifying your child's level of need

The following table lists levels of ability and needs to help parents/ carers and professionals to identify if universal, early help or specialist disabilities services are the most appropriate route for support. This is an initial guide. Particularly for children with multiple needs or developmental conditions we welcome a discussion to really understand the impact of their disability and identify the most appropriate route for support.

How to use Table 1 – Table of abilities and needs

- Read across each row and circle the box which best describes the child's abilities and presentation on an average day, not looking at good or bad days
- Remember that needs are not considered additional when a non-disabled child of a similar age would require the same level of assistance
- Remember to circle the 'Able' box if the child is functioning as expected for their age group
- Once complete you will have 10 circles
- Total the number of circles in columns 'Able' to 'Profound' and refer to the process flow chart on page 14 to identify the likely route for support
- The support options are identified in section 7

Skills area	Able	Mild	Moderate	Severe	Profound	Untested
Learning	Able for age	- Usually functionally independent - Identified Specific Leaning Disability	- Moderate Learning Difficulty	- Severe Learning Difficulty	- Profound Learning Difficulty	
Gross motor skills i.e.: Mobility	Able for age	- Usually able to walk but has difficulty i.e.: long distance, may be slow, may have poor balance - Mild motor impairment or difficulties	- Moderately delayed - Walks with aids or may use a wheelchair - May require help with changing position or postural management for function	- Requires assistance to move in and out of position - Markedly abnormal movement - High level postural management required - Not independently mobile	- Unable to walk and uses wheelchair exclusively - Unable to transfer without assistance	
Fine motor skills i.e.: hand and eye coordination	Able for age	- Possible tremor, awkward release, unsteadiness. - Delay in acquisition of skills - Some difficulties in play, writing, drawing or dressing.	- Restricted movements of one or both hands when reading / stretching / feeding / writing / dressing - Poor manipulative skills.	- Severely limited manipulative skills. - Requires aids / assistance for all fine motor function.	- Cannot grasp and release with either hands. - Physically unable to feed self or write.	
Speech, language and communication	Able for age	- Some speech or language difficulties or a mild delay in language skills which may be in related with a general development delay.	- Moderate delay of language skills which may be related with a general development delay. - Uneven development of verbal and non-verbal skills.	- Communications difficulties present as the primary delay in development of social skills and learning. - Absence of language and communication development.	- Presentation of complex communication needs. - Alternative communication methods used.	

Skills area	Able	Mild	Moderate	Severe	Profound	Untested
				- May use augmented communication methods		
Self help	Able for age	- Some delay in daily living skills i.e.: eating, washing - Organisational difficulties requiring supervision	- Requires facilitation with daily living skills e.g.: eating, washing, dressing, toileting	- Requires constant assistance with daily living skills e.g.: eating, washing, dressing, toileting	- Totally dependent on others for daily living skills e.g.: eating, washing, dressing. toileting	
Vision	Able for age	- Minor visual field loss - Visual activity < 6/18 in better eye or problem in one eye	- Problem in at least half visual field - Visual activity 6/24 - 6/36 in better eye - Reads print with aids	- Visual activity 6/36-6/60 in better eye	- Registered blind	
Hearing	Able for age	- One ear normal hearing and other has profound loss > 70 dB or bilateral loss 30-40 dB	- Bilateral loss 41-70 dB in better ear and/ or failed free-field testing 2 or more occasions in 6 months	- Hearing loss 71-90 dB in better ear	- Profound bilateral hearing loss >90 dB in better ear	
Behaviour	Able for age	- Infrequent aggressive or difficult to manage behaviours. - Sometimes tearful / depressed / anxious (unrelated to immediate circumstances). - Restless / distractible – often does not settle to age appropriate activity.	- Frequent aggressive or difficult to manage behaviours. - Frequent tearful / depressed / anxious (once a day). - Rarely settles to age appropriate activity. - Problems causing considerable difficulties to family or group.	- Persistently aggressive or difficult to manage behaviours. - Depressed / anxious enough to be considered at risk of self-harm or to be disrupting daily routines i.e. attendance at school. - Never settles to age appropriate activity. - Unable to function in a group	- Severe persistent self-harm behaviours (head banging, overdose) or assessed as suicide risk by child mental health professional. - Aggressive behaviour causing significant injury to others requiring constant adult supervision.	
Physical health	Able for age	- Well controlled symptoms	- Partially controlled symptoms	- Has a serious illness - Poor control of symptoms	- Care for a Life limited condition required or requires mechanical ventilation or suction	
Eating and swallowing	Able for age	- Copes well with textures but occasional problems in chewing or controlling food and drink in the mouth. - Infrequent episodes of choking: minimal risk of aspiration. - Rejection or intolerance of some textures e.g. spits out or gags on lumps.	- Can cope with limited textures e.g. soft foods and thickened drink. - Periodic episodes of choking: some risk of aspiration. - Wary and intolerant of the introduction of new textures. - Needs intermittent Nasal Gastric or gastrostomy feeding.	- Inability to cope with any texture; extremely limited oral movement with poor control of food and drink in the mouth. - Adverse reaction often observed when food or drink presented e.g. cries, extends. - Needs long term NG or gastrostomy feeding.	- Inability to cope with any texture; extremely limited oral movement with no control of food and drink in the mouth. - Frequent choking on all intake; significant risk of aspiration. - No oral feeding ability.	

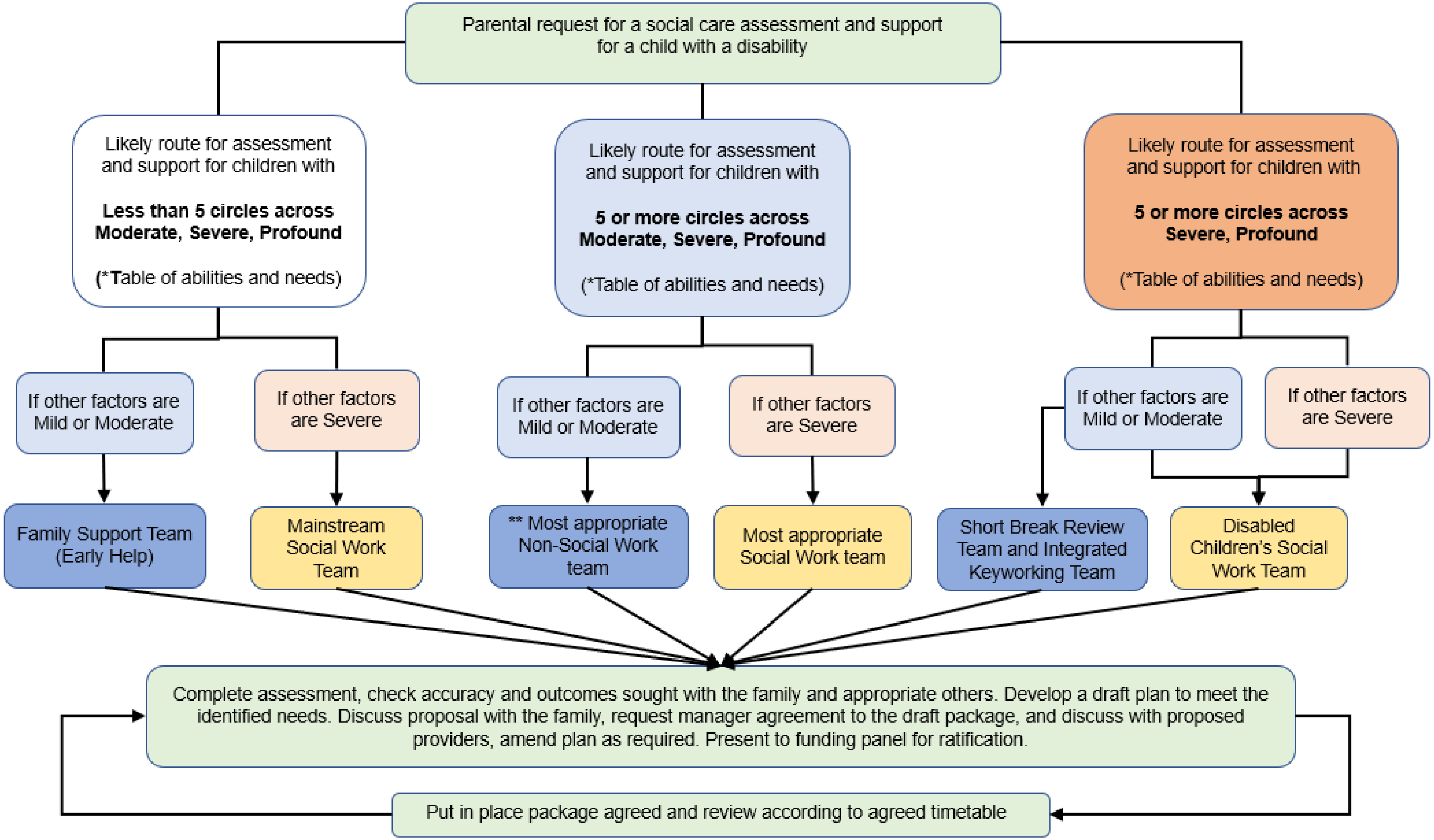
Table 2 – Other factors influencing which team might complete the assessment (mainstream or specialist/ qualified Social Worker or other worker)

How to use Table 2 – Other factors

- Read across each row and circle the box which best describes your families current situation
- Once complete you will have 2 circles
- Total the number of circles in columns 'Mild' to 'Severe' and refer to the process flow chart on page 14 to identify the likely route for support
- The support options are identified in section 7

	Mild	Moderate	Severe
Parental capacity	None or some factors / other responsibilities that make parenting difficult.	- Carers have health problems/ addictions, learning difficulties affecting their capacity and skills as carers. - Parental unit is strained.	- Carers have significant health problems/ addictions, learning disabilities affecting their skills as carers. - Parental unit unsafe.
Other	Environmental factors not of concern **or** issues are already being addressed	- Environmental factors are of moderate concern - i.e.: affected by inadequate or insecure housing	- Environmental factors are of severe concern - i.e.: severely inadequate housing or imminent homelessness.

Process for allocation for assessment and identification of support for children with disabilities in Hammersmith and Fulham



Parental request for a social care assessment and support for a child with a disability

Likely route for assessment and support for children with

Less than 5 circles across Moderate, Severe, Profound

(*Table of abilities and needs)

If other factors are Mild or Moderate

Family Support Team (Early Help)

If other factors are Severe

Mainstream Social Work Team

Likely route for assessment and support for children with

5 or more circles across Moderate, Severe, Profound

(*Table of abilities and needs)

If other factors are Mild or Moderate

** Most appropriate Non-Social Work team

If other factors are Severe

Most appropriate Social Work team

Likely route for assessment and support for children with

5 or more circles across Severe, Profound

(*Table of abilities and needs)

If other factors are Mild or Moderate

Short Break Review Team and Integrated Keyworking Team

If other factors are Severe

Disabled Children's Social Work Team

Complete assessment, check accuracy and outcomes sought with the family and appropriate others. Develop a draft plan to meet the identified needs. Discuss proposal with the family, request manager agreement to the draft package, and discuss with proposed providers, amend plan as required. Present to funding panel for ratification.

Put in place package agreed and review according to agreed timetable

*The table of abilities and needs helps parents/ carers/ professionals to identify if universal, early help or specialist disabilities services are the most appropriate route for support. The table is an initial guide. Particularly for children with multiple needs or developmental conditions we welcome a discussion to really understand the impact of their disability and identify the most appropriate route for support. **Identified from discussions between services on case-by-case basis

Guidance for the allocation for assessment and support of children with disabilities in Hammersmith and Fulham

1. Introduction

H&F are committed to the support of children with disabilities and their families. This document is to inform children, young people with disabilities and their families about the process for allocation, assessment and support to meet their needs in Hammersmith and Fulham. This includes the provision of short breaks services. This document includes the guidance which informs pathways for assessment, and the potential level of support for children and young people following identification of their needs.

2. Definition of 'disability'

The accepted definition of disability in H&F is from the Equalities Act 2010, which is; a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on your ability to do normal daily activities.

3. What is a Short Break and why are they provided?

Short breaks might include attending group activities after school, at weekends or in the holidays, it might be individual support in the community with a carer or it could be funds to arrange your own support. The sort of break and the level of support depends on the needs of individuals. These breaks can offer parents/ carers and siblings time away from caring.

The council is proud to provide short breaks where an assessment identifies they are necessary for the child and family. The Children Act 1989 requires Local Authorities to assess Childrens needs and the Chronically sick and disabled persons act 1970 requires that we provide short breaks to meet these needs. The Breaks for Carers of Disabled Children Regulations came into force on 1st April 2011, requiring each Local Authority to provide 'so far as is reasonably practicable, a range of services designed to meet the needs of families with disabled children'.

The Children and Families Act 2014 also places a duty on the Council to produce a 'Local Offer' providing information relating to the provision of Short Breaks and to publish a Short Breaks Statement on the Local Offer. (www.lbhf.gov.uk/localoffer)

4. Identifying your child's level of need

The following table lists levels of ability and needs to help parents/ carers and professionals to identify if universal, early help or specialist disabilities services are the most appropriate route for support. This is an initial guide. Particularly for children with multiple needs or developmental conditions we welcome a discussion to really understand the impact of their disability and identify the most appropriate route for support.

5. How to use Table 1 – Table of abilities and needs

- Read across each row and circle the box which best describes the child's abilities and presentation on an average day, not looking at good or bad days
- Remember that needs are not considered additional when a non-disabled child of a similar age would require the same level of assistance
- Remember to circle the 'Able' box if the child is functioning as expected for their age group.
- Once complete you will have 10 circles
- Total the number of circles in columns 'Able' to 'Profound' and refer to the process flow chart on page 5 to identify the likely route for support
- The support options are identified in section 7

Table 1 – Table of abilities and needs to help identify likely appropriate routes for assessment and support

Skills area	Able	Mild	Moderate	Severe	Profound	Untested
Learning	Able for age	- Usually functionally independent - Identified Specific Leaning Disability	- Moderate Learning Difficulty	- Severe Learning Difficulty	- Profound Learning Difficulty	
Gross motor skills i.e.: Mobility	Able for age	- Usually able to walk but has difficulty i.e.: long distance, may be slow, may have poor balance - Mild motor impairment or difficulties	- Moderately delayed - Walks with aids or may use a wheelchair - May require help with changing position or postural management for function	- Requires assistance to move in and out of position - Markedly abnormal movement - High level postural management required - Not independently mobile	- Unable to walk and uses wheelchair exclusively - Unable to transfer without assistance	
Fine motor skills i.e.: hand and eye coordination	Able for age	- Possible tremor, awkward release, unsteadiness. - Delay in acquisition of skills - Some difficulties in play, writing, drawing or dressing.	- Restricted movements of one or both hands when reading / stretching / feeding / writing / dressing - Poor manipulative skills.	- Severely limited manipulative skills. - Requires aids / assistance for all fine motor function.	- Cannot grasp and release with either hands. - Physically unable to feed self or write.	
Speech, language and communication	Able for age	- Some speech or language difficulties or a mild delay in language skills which may be in related with a general development delay.	- Moderate delay of language skills which may be related with a general development delay. - Uneven development of verbal and non-verbal skills.	- Communications difficulties present as the primary delay in development of social skills and learning. - Absence of language and communication development. - May use augmented communication methods	- Presentation of complex communication needs. - Alternative communication methods used.	
Self help	Able for age	- Some delay in daily living skills i.e.: eating, washing - Organisational difficulties requiring supervision	- Requires facilitation with daily living skills e.g.: eating, washing, dressing, toileting	- Requires constant assistance with daily living skills e.g.: eating, washing, dressing, toileting	- Totally dependent on others for daily living skills e.g.: eating, washing, dressing. toileting	
Vision	Able for age	- Minor visual field loss - Visual activity < 6/18 in better eye or problem in one eye	- Problem in at least half visual field - Visual activity 6/24 - 6/36 in better eye	- Visual activity 6/36-6/60 in better eye	- Registered blind	

Skills area	Able	Mild	Moderate	Severe	Profound	Untested
			- Reads print with aids			
Hearing	Able for age	- One ear normal hearing and other has profound loss > 70 dB or bilateral loss 30-40 dB	- Bilateral loss 41-70 dB in better ear and/ or failed free-field testing 2 or more occasions in 6 months	- Hearing loss 71-90 dB in better ear	- Profound bilateral hearing loss >90 dB in better ear	
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Physical health	Able for age	- Well controlled symptoms	- Partially controlled symptoms	- Has a serious illness - Poor control of symptoms	- Care for a Life limited condition required or requires mechanical ventilation or suction	
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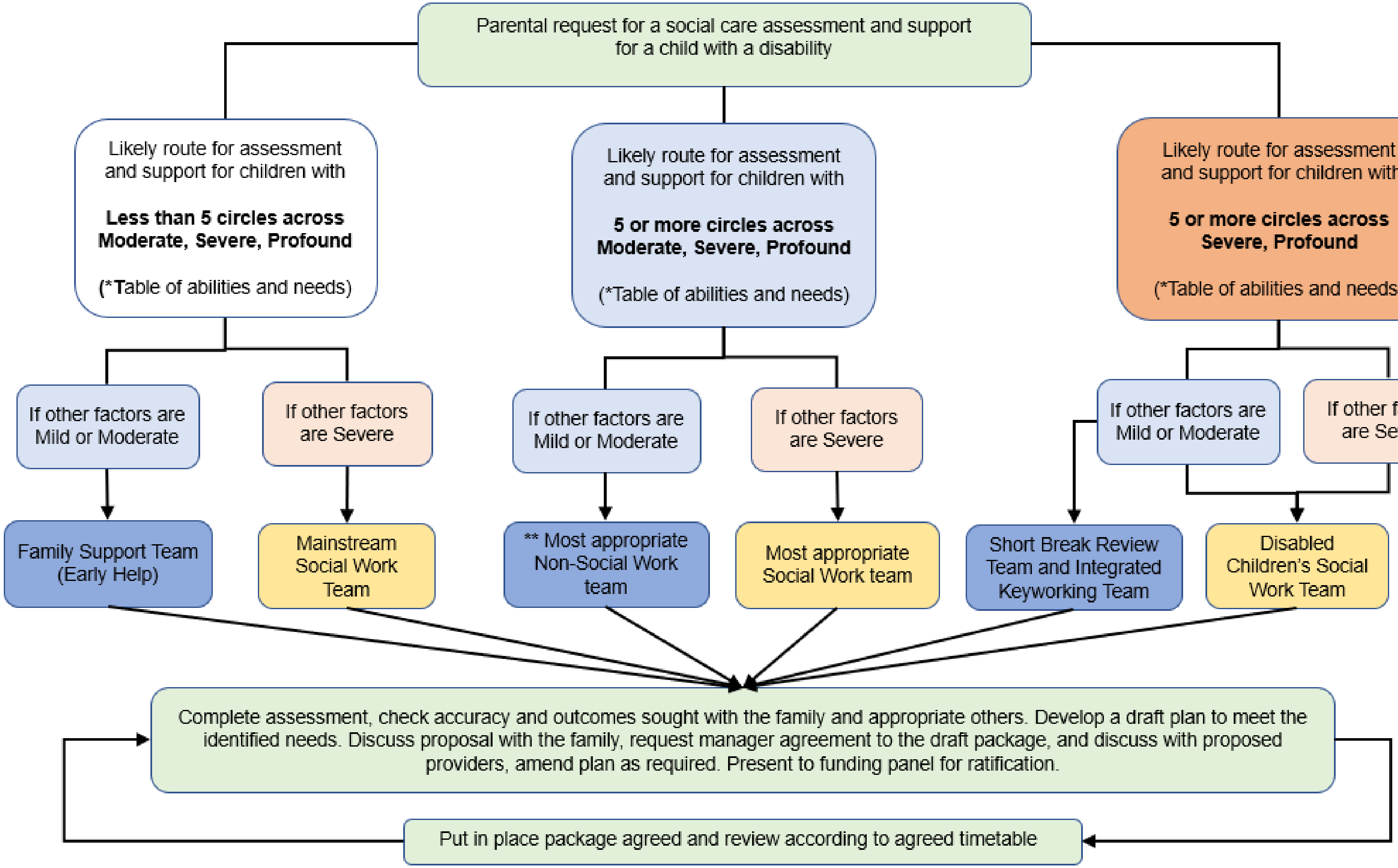
6. How to use Table 2 – Other factors

- Read across each row and circle the box which best describes your family's current situation
- Once complete you will have 2 circles
- Total the number of circles in columns 'Mild' to 'Severe' and refer to the process flow chart on page 5 to identify the likely route for support.
- The support options are identified in section 7

Table 2 – Other factors influencing which team might complete the assessment (mainstream or specialist/ qualified Social Worker or other worker)

	Mild	**Moderate**	**Severe**
Parental capacity	None or some factors / other responsibilities that make parenting difficult.	- Carers have health problems/ addictions, learning difficulties affecting their capacity and skills as carers. - Parental unit is strained.	- Carers have significant health problems/ addictions, learning disabilities affecting their skills as carers. - Parental unit unsafe.
Other	Environmental factors not of concern **or** issues are already being addressed	- Environmental factors are of moderate concern - i.e.: affected by inadequate or insecure housing	- Environmental factors are of severe concern - i.e.: severely inadequate housing or imminent homelessness.

Process for allocation for assessment and identification of support for children with disabilities in Hammersmith and Fulham



*The table of abilities and needs helps parents/ carers/ professionals to identify if universal, early help or specialist disabilities services are the most appropriate route for support. The table is an initial guide. Particularly for children with multiple needs or developmental conditions we welcome a discussion to really understand the impact of their disability and identify the most appropriate route for support. **Identified from discussions between services on case-by-case basis

7. Assessment routes

Assessment options

Children's services have a range of different ways to meet the needs of families. Children will be allocated a worker from the most appropriate team, based on their needs if a family wish or need an assessment to be completed.

Who completes the assessment?

Other than a universal or core service offer (see appendix B, page 7), all other support will be based on an individual assessment of the child's needs. This might be a statutory child-in-need assessment completed by a social worker, or a non-child-in-need assessment completed by another social care professional.

All assessments are holistic, which means they will include feedback from the family and any services involved with them. All assessments are individual, and person centered.

Assessment tools and process

In completing the assessment, the allocated worker speaks with the child, family and other professionals, as appropriate, to gather information. The assessment reflects all their views. The worker then discusses options for support with the family and shares with them the proposed package of support. The completed assessment and proposed planned support are submitted to the team manager and if agreed by the family and manager it is then submitted for ratifying to the funding panel. If the family and allocated worker do not agree, discussions will continue with involvement of the team manager. Some assessments may be submitted to panel reflecting both positions for the panel to consider. Terms of reference and procedures for panels are available on request.

Reviews

The period for review of a child's assessment and support or care plans will be set by the team manager or panel. For complicated or new packages of support this review could be after a few weeks or months. For stable packages this could be 12 or 18 months. The proposed package and review period will be discussed with the family prior to seeking authorisation. Any review period must consider key transition points e.g. changing schools, preparation for adulthood or life events such as moving home.

Appeals and complaints

Following an assessment, if a young person or family is unhappy with the services or support recommended, they are advised to contact the social worker or lead professional who completed the assessment to discuss their concerns.

If this does not resolve the issue, parents can direct their concerns to the team manager. If they conclude that the decision was based on incomplete or inaccurate information, or that proper account was not taken of the information available, the report author will be asked to review their recommendations and re-submit proposals to their manager.

If the young person or parent is not satisfied with the response from the team manager, they can contact the panel chair or Service Manager to discuss their concerns.

To take a complaint further please see information about the H&F formal complaints procedure at https://www.lbhf.gov.uk/children-and-young-people/children-and-family-care/childrens-services-complaints or you can email your complaint to CS.Complaints@lbhf.gov.uk

8. Parent/ carer needs assessment

As part of the initial discussion and then the child's assessment the authority and parent/ carer can consider if a parent/ carer needs assessment takes place. A parent can also request a needs assessment at any time. The assessment will be completed by the most appropriate professional. The outcome might be advice and information about support available and include an offer of an assessment or re-assessment of the child's needs if agreed to be appropriate.

9. Support Options (also see the Short Breaks Statement)

Universal services, information and support

Not all children with disabilities are eligible, need or want specialist social care services or support. Information about local services for children with Special Educational Needs and Disability Services (SEND) and their families can be found on the local offer. Families can also access support through universal services or family centres directly.

SEND Local Offer: www.lbhf.gov.uk/localoffer

Our early help service 'Family Support' can advise and provide information and support with a wide range of issues, including inclusive services locally and information about family centres. How you and your family can get support | LBHF

There is a universal childcare offer of 15 hours per week for 3 and 4 year olds and up to 30 hours per week for some families. Depending on circumstances parents may incur top-up costs. There is also free learning for 2-years old for eligible families.
Link to 3-4 year old childcare offer
Link to 2 year old early learning

The core short breaks offer

As well as the universal support available, children and young people who have circled 5 boxes across the Moderate/ Severe/ Profound columns of the Table of abilities and needs are likely to benefit from the core short breaks offer. Available breaks will depend on the age of the child. To access this support, contact The Stephen Wilshire Centre or Action on Disability (see contacts section).

We will discuss your needs with you to identify the best next steps. You will not need a detailed assessment of your child's needs, however if you want or require additional support, an assessment can be completed to consider options with you.

The core offer is:

- Specialist advice and information support from The Stephen Wiltshire Centre (SWC)
- Drop-in Stay and play on Sundays for the whole family at SWC (with parents)
- Drop-in Stay and play on Fridays during holidays for the whole family at SWC (with parents)
- Drop-in Stay and play on Mondays term-time, under 5's only at SWC (with parents)
- Drop-in Stay and play on Wednesdays term-time, under 5's only at SWC (with parents)
- Group activities after school and or during school holidays for children over age 8 from, Action on Disability or SWC (without parents)

Potential other levels of service

For children and young people whose needs are not met by the core offer, additional support may be available through the targeted or bespoke offers following an assessment of needs.

The targeted offer

Children and young people who have circled 5 boxes across the Severe and Profound columns across the Table of abilities and needs, are likely to benefit from the targeted short breaks offer.

The targeted offer is :

- Advice and support and/or a funded package enough to meet assessed needs. This could be 1:1 carer hours or funding to access groups, clubs or other activities. It could be Direct Payments, where the family are given funds to arrange their own support. The level will be based on the individual assessment and may be equivalent to approximately 3-6 hours of support per week.
  Link to Direct Payments information

The bespoke offer

This is for children and young people whose needs cannot be met with currently available services, these children are likely to have circled 5 boxes across the Severe and Profound columns and will be allocated and assessed in a Social Work team, under the child in need framework. A bespoke package could include overnight provision where this is identified as needed.

The bespoke offer is:

- This is for children and young people whose needs cannot be met with currently available services, these children will be allocated and assessed in a Social Work team, under the child in need framework. A bespoke package could include overnight provision where this is identified as needed, might include a joint package with health and is likely to have more frequent reviews than other packages of support.

10. Contacts

The Stephen Wiltshire Centre (SWC Duty phoneline)

Queensmill Road, Hammersmith SW6 6JR
E-mail: StephenWiltshireCentre@lbhf.gov.uk
Telephone 020 8753 4443

Family Services

Families who feel they need support but do not need specialist disability services support can request an assessment of their needs from family services at any time
E-mail familyservices@lbhf.gov.uk
Telephone 0845 313 3935 or

Initial Contact and assessment team (ICAT)

The front door for all social care services, including mainstream social work teams, family support and the Disabled Childrens Team
Telephone 020 8753 6610

Action on Disability

Offer of short breaks for children, which can be accessed directly from this provider
E-mail admin.youth@aod.org.uk or tamara.stuiver@aod.org.uk
Telephone 020 3080 0383

Appendix A

Legal framework

The principal legislation for care support services to disabled children and young people and their families are the;

Children Act 1989 - under Section 17 of the Children Act, disabled children are *children in need*. The Act places duties on local authorities to children in need: to safeguard and promote their welfare and their upbringing by their families wherever possible. Paragraph 6 of Schedule 2 also requires councils to deliver; *'so far as is reasonably practicable, a range of services designed to meet the needs of families with disabled children in their area which is sufficient to assist carers to continue to provide care, or to do so more effectively'.*

Children Act 2004 – this act defines parental responsibility and encourages partnership working between the council and parents. Interagency co-operation is also encouraged. The Children's Act 2004 supplemented the 1989 Act and reinforced the message that all organisations working with children have a duty in helping safeguard and promote the welfare of children.

Breaks for Carers of Disabled Children Regulations 2011 – requires the local authority to provide, so far as is reasonably practicable, a range of services which is sufficient to assist carers to continue to provide care or to do so more effectively and places a duty on the Council to produce a 'Local Offer' providing information relating to the provision of Short Breaks and to publish a short breaks statement on the local offer. To find out more about the H&F local offer visit: www.lbhf.gov.uk/localoffer

Other relevant legislation includes:

- Chronically Sick and Disabled Persons Act 1970 ('CSDPA 1970')
- Equality Act 2010
- NHS Act 2006 (as amended by the Health and Social Care Act 2012)
- Children and Families Act 2014
- Care Act 2014 (in relation to transition to adult social care)
- Chronically Sick and Disabled Persons Act (1970)
- Carers and Disabled Children Act 2000
- Carers (Equal Opportunities) Act 2004
- Disability Discrimination Act 1995

Appendix 3 - H&F Equality Impact Analysis Tool

Conducting an Equality Impact Analysis

An EIA is an improvement process which helps to determine whether our policies, practices, or new proposals will impact on, or affect different groups or communities. It enables officers to assess whether the impacts are positive, negative, or unlikely to have a significant impact on each of the protected characteristic groups.

The tool is informed by the public sector equality duty which came into force in April 2011. The duty highlights three areas in which public bodies must show compliance. It states that a public authority must, in the exercise of its functions, have due regard to the need to:

1. **Eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited under the Equality Act 2010**

2. **Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it**

3. **Foster good relations between persons who share a relevant protected characteristic and persons who do not share it**

Whilst working on your Equality Impact Assessment, you must analyse your proposal against these three tenets.

General points

1. In the case of matters such as service closures or reductions, considerable thought will need to be given to any potential equality impacts. Case law has established that due regard cannot be demonstrated after the decision has been taken. Your EIA should be considered at the outset and throughout the development of your proposal, it should demonstrably inform the decision, and be made available when the decision is recommended.

2. Wherever appropriate, the outcome of the EIA should be summarised in the Cabinet/Cabinet Member report and equalities issues dealt with and cross referenced as appropriate within the report.

3. Equalities duties are fertile ground for litigation and a failure to deal with them properly can result in considerable delay, expense, and reputational damage.

4. Where dealing with obvious equalities issues e.g. changing services to disabled people/children, take care not to lose sight of other less obvious issues for other protected groups.

5. If you already know that your decision is likely to be of high relevance to equality and/or be of high public interest, you should contact the Strategy & Communities team for support.

Further advice and guidance can be accessed online and on the intranet:

https://www.gov.uk/government/publications/public-sector-equality-duty

https://officesharedservice.sharepoint.com/sites/Governance/SitePages/Reports.aspx

H&F Equality Impact Analysis Tool

Overall Information	**Details of Full Equality Impact Analysis**
Financial Year and Quarter	21/22 Quarter 2, 3, 4
Name and details of policy, strategy, function, project, activity, or programme	Title of EIA: Short Breaks Statement and Pathways to Assessment Short summary: Update to short breaks statement and creation of eligibility criteria to formalise existing practice. Consultation to feed back on statement updates developed through extensive co-production.
Lead Officer	Name: Becky Powell Position: Service Manager Short Breaks Email: becky.powell@lbhf.gov.uk
Date of completion of final EIA	17 / 11 / 2021

<table>
<tr><th>Section 02</th><th>Scoping of Full EIA</th></tr>
<tr><td>Plan for completion</td><td>Timing: Completion of consultation September 21, publication of revised strategy and pathways to assessment December 21
Resources: Commissioning support, resource to launch and manage survey</td></tr>
<tr><td>Analyse the impact of the policy, strategy, function, project, activity, or programme</td><td>Analyse the impact of the policy on the protected characteristics (including where people / groups may appear in more than one protected characteristic). You should use this to determine whether the policy will have a positive, neutral, or negative impact on equality, giving due regard to relevance and proportionality.
<table>
<tr><th>Protected characteristic</th><th>Analysis</th><th>Impact: Positive, Negative, Neutral</th></tr>
<tr><td>Age</td><td>There will be no change or impact as a result of age. All provision currently utilised in practice will remain in place across the identified age ranges.</td><td>Neutral</td></tr>
<tr><td>Disability</td><td>There is no anticipated impact in relation to disability. The updated short breaks statement reflects existing practice by providing consistency of information published by the local authority including information provided on the Local Offer website and at the Stephen Wiltshire centre. The offer described will not negatively impact or remove provision from individuals currently in receipt of</td><td>Neutral</td></tr>
</table>
</td></tr>
</table>

	short break services. The table of abilities and needs is not anticipated to have any negative impact on children or young people with disabilities. The table and associated process for allocation for assessment will be used to identify which team will undertake the assessment to determine the level of support required for the child or young person. This will take a needs-based approach to the creation of a tailored package of short breaks.	
Gender reassignment	There is no anticipated impact in relation to gender reassignment	Neutral
Marriage and Civil Partnership	There is no anticipated impact in relation to marriage and civil partnership	Neutral
Pregnancy and maternity	There is no anticipated impact in relation to pregnancy and maternity	Neutral
Race	There is no anticipated impact in relation to race	Neutral
Religion/belief (including non-belief)	There is no anticipated impact in relation to religion/belief	Neutral
Sex	There is no anticipated impact in relation to sex	Neutral
Sexual Orientation	There is no anticipated impact in relation to sexual orientation	Neutral

Human Rights or Children's Rights
If your decision has the potential to affect Human Rights or Children's Rights, please contact your Equality Lead for advice

Will it affect Human Rights, as defined by the Human Rights Act 1998?
No

Will it affect Children's Rights, as defined by the UNCRC (1992)?
No

Section 03	**Analysis of relevant data** Examples of data can range from census data to customer satisfaction surveys. Data should involve specialist data and information and where possible, be disaggregated by different equality strands.
Documents and data reviewed	Short breaks are delivered by a range of providers who each hold their own data. As the data sets are not merged or cross-referenced any attempt to collate would lead to double counting especially as some provision is being accessed directly by families without unique identifiable information. Data is available for the numbers and breakdown of packages delivered as a result of an assessed need and for those accessing Stephen Wiltshire Centre.
New research	

Section 04	**Consultation**
Consultation	The document and guidance have been drafted through extensive co-production with the ParentsActive steering committee. A public consultation with the wider resident population and provider network was launched via CitizenSpace, closing on 2nd November 2021. The consultation exercise was separated into three surveys: the first requesting feedback from parents/carers and young people on the draft Short Breaks Statement and Pathways to Assessment guidance, the second requesting feedback from providers on the Short Breaks Service and the third requesting feedback from parents/carers and young people on the Short Breaks Service. The consultation was shared via the Children's Services staff newsletter, school staff zone newsletter, the H&F website, the Local Offer website and ParentsActive parent forum. Additionally, information on the consultation was shared with parents during the vaccination sessions held at the Stephen Wiltshire Centre. Two consultation events were held jointly by the Short Breaks service manager and ParentsActive both in person and virtually via Zoom. The total number of responses received was low despite efforts by the service to publicise the activity. 5 responses were received from parents/carers and young people in response to the draft Short Breaks Statement and Pathways to Assessment guidance, 3 responses were received from providers on the Short Breaks Service and 12 responses were received from parents/carers and young people on the Short Breaks Service.
Analysis of consultation outcomes	Consultation outcomes have been analysed and amendments incorporated during the lifetime of the consultation and following the deadline for consultation.

Section 05	**Analysis of impact and outcomes**

Analysis	*What has your consultation (if undertaken) and analysis of data shown? You will need to make an informed assessment about the actual or likely impact that the policy, proposal, or service will have on each of the protected characteristic groups by using the information you have gathered. The weight given to each protected characteristic should be proportionate to the relevant policy (see guidance).* There were some corrections to contacts and provider information. However, nothing raised in relation to any protected characteristics.

Section 06	**Reducing any adverse impacts and recommendations**
Outcome of Analysis	*Include any specific actions you have identified that will remove or mitigate the risk of adverse impacts and / or unlawful discrimination. This should provide the outcome for LBHF, and the overall outcome.* The feedback received did not identify any adverse impacts and therefore no changes have been made in this regard

Section 07	**Action Plan**
Action Plan	*Note: You will only need to use this section if you have identified actions as a result of your analysis* To be considered following closure of consultation period.

Issue identified	Action (s) to be taken	When	Lead officer and department	Expected outcome	Date added to business/service plan
N/A	N/A	N/A	N/A	N/A	N/A

Section 08	**Agreement, publication and monitoring**
Senior Managers' sign-off	Name: Mandy Lawson Position: AD Education and Disabilities Email: Mandy.Lawson@lbhf.gov.uk Telephone No: 07827257259
Key Decision Report (if relevant)	Date of report to Cabinet: 07/ 02/ 2022 Key equalities issues have been included: Yes. No equalities issues identified.
Equalities Advice (where involved)	Name: Position:

	Date advice / guidance given: Email: Telephone No:

NOTICE OF CONSIDERATION OF A KEY DECISION

In accordance with paragraph 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the Authority hereby gives notice of Key Decisions which the Cabinet, Cabinet Members or Chief Officers intend to consider. The list may change from the date of publication as further items may be entered.

NOTICE OF THE INTENTION TO CONDUCT BUSINESS IN PRIVATE

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

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

KEY DECISIONS PROPOSED TO BE MADE BY THE AUTHORITY FROM FEBRUARY 2022 UNTIL JULY 2022

The following is a list of Key Decisions which the Authority proposes to take from January 2022. The list may change over the next few weeks.

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

- **Any expenditure or savings which are significant (ie. in excess of £300,000) in relation to the Council's budget for the service function to which the decision relates;**
- **Anything affecting communities living or working in an area comprising two or more wards in the borough;**
- **Anything affecting the budget and policy framework set by the Council.**

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

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

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

Access to Key Decision reports and other relevant documents

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

Decisions

All Key Decisions will be subject to a 3-day call-in before they can be implemented, unless called in by Councillors.

Making your Views Heard

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

LONDON BOROUGH OF HAMMERSMITH & FULHAM CABINET

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

Key Decisions List No. 103 (published 28 January 2022)

KEY DECISIONS LIST – FROM FEBRUARY 2022

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

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

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

Decision to be Made by	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet *(other relevant documents may be submitted)*
CABINET MEMBER AND OFFICER DECISIONS				
Finance				
Cabinet Member for the Environment	February 2022 Reason: Affects 2 or more wards	**Annual Highways Maintenance Programme** This report seeks approval of the annual highway maintenance work programme for 2020-2021. A key driver for this work is improving the quality of our street scene to give residents and businesses prise in the borough. This work is planned preventative maintenance, aimed at prolonging the life of the Highway infrastructure within the borough. We aim to improve efficiency and provide maximum value for money co-ordinating as far as possible maintenance works with the implementation of LIP projects. We are coordinating footways with the need to plan more trees so use our planned maintenance on footways to increase opportunities for adding tree pits.	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Ian Hawthorn Tel: 020 8753 3058 ian.hawthorn@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for the Environment	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k	**Highways Planned Maintenance Programme 2020-21** Highways Maintenance programme to renew a number of carriageways and footways in the borough as part of the asset management of the boroughs highway network. To ensure safety requirements under the Highways	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Ian Hawthorn Tel: 020 8753 3058	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any

Decision to be Made by (Cabinet or Council)	**Date of Decision-Making Meeting and Reason**	**Proposed Key Decision** **Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.**	**Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents**	**Documents to be submitted to Cabinet** ***(other relevant documents may be submitted)***
	and Capital up to 1.5m	Act 1980.	ian.hawthorn@lbhf.gov.uk	supporting documentation and / or background papers to be considered.
Cabinet Member for the Environment	February 2022 Reason: Affects 2 or more wards	**Proposals for the Noise and Nuisance team's revised service hours** Review of the Hours of operation of the borough's Noise & Nuisance service	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Valerie Simpson Tel: 020 8753 3905 Valerie.Simpson@lbhf.gov.u	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Housing	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Replacement of Spandrel Panels (Medium and Low Risk Properties)** Replacement of Spandrel Panels at the identified properties covering the stripping out of existing panels and renewing panels including carrying out, as required, all associated works.	Cabinet Member for Housing Ward(s): All Wards Contact officer: Dominic D Souza ominic.DSouza@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Strategic Director for the Environment	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k	**Climate and Ecological Emergency – Expansion of Lamp Column Electric Vehicle Charge Points** Having successfully secured £215,175 funding from OLEV for residential lamp column EV charge points, and negotiated the necessary 25% match funding of	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Richard Hearle Richard.Hearle@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet *(other relevant documents may be submitted)*
	and Capital up to 1.5m	£72,000 from FM Conway, we are seeking permission to expand the network by a further 152 charge points using the existing LBHF term contract with FM Conway and CityEV.		supporting documentation and / or background papers to be considered.
Deputy Leader	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Third Sector Investment Fund** Report to agree forward plan for 3SIF.	Deputy Leader Ward(s): All Wards Contact officer: Katharina Herrmann Katharina.Herrmann@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Director Children's Services	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Climate Education** Activity to promote education, awareness and participation in climate change activities among children and young people	Cabinet Member for Children and Education Ward(s): All Wards Contact officer: Paul Triantis Paul.Triantis@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Health and Adult Social Care	February 2022 Reason: Expenditure/Income - Revenue between £500,000	**Public Health Budget Approval - Primary Care Activity** Budget approval report for public health funded services within primary care from April 2021-March 2024.	Ward(s): All Wards Contact officer: Nicola Ashton Tel: 020 8753 5359 Nicola.Ashton@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any

Decision to be Made by (Cabinet or Council)	**Date of Decision-Making Meeting and Reason**	**Proposed Key Decision** **Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.**	**Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents**	**Documents to be submitted to Cabinet *(other relevant documents may be submitted)***
	and £5m and Capital between £1.5m and £5m			supporting documentation and / or background papers to be considered.
Chief Executive	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Collaborative Delivery Agreement Variation** This workstream follows the January 2021 Cabinet report on disaggregation from LSCP and Placements. The January report contained a recommendation to delegate authority to the Chief Executive to make variations/extensions to the Collaborative Delivery Agreement from April 21 onwards - this report presents recommendations for both variation and extension.	Ward(s): All Wards Contact officer: Will Parsons Tel: 0776 848 6764 Will.Parsons@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Strategic Director of the Economy Department	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Modification of construction Contract of 10 genuinely affordable new homes in Spring Vale Estate** Report on the progress of the construction of the 10 new genuinely affordable homes in Spring Vale Estate (which is near completion) and request for approval of Variation of contracts connected to the construction.	Cabinet Member for the Economy Ward(s): Avonmore and Brook Green Contact officer: Matthew Rumble matt.rumble@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Strategic Director for the Environment	February 2022 Reason: Affects 2 or more wards	**Healthy School Streets- a public health approach to infrastructure on highways and air quality monitoring** This report seeks approval to start a programme of low level infrastructure improvements on the public highway around schools, undertake air quality audits for a	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Ian Hawthorn Tel: 020 8753 3058	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet *(other relevant documents may be submitted)*
		number of schools who are in areas of poor air quality (of which there are 28), install air quality monitors and deliver an education programme to schools about the projects with a focus on STEMs. This would be the first year of the programme, with further reports for future years to recommend and apply mitigations for all schools on the list. The programme will report back to the Cabinet member and there will be continuous monitoring. This is a joint programme working with colleagues in Public Health and Education.	ian.hawthorn@lbhf.gov.uk	supporting documentation and / or background papers to be considered.
Cabinet Member for the Environment	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Decarbonising Macbeth and Broadway Centres** Public sector decarbonisation grant funding and match funding to implement air source heat pumps and energy efficiency measures at Macbeth and Broadway Centres.	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Hinesh Mehta Hinesh.Mehta@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Chief Housing Officer	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Sale of Land next to 2 Effie Place** Sale of land next to 2 Effie Place for the construction of block of three flats.	Ward(s): Town Contact officer: Ciaran Maguire Tel: 020 8753 4500 Ciaran.Maguire@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	**Date of Decision-Making Meeting and Reason**	**Proposed Key Decision** **Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.**	**Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents**	**Documents to be submitted to Cabinet** ***(other relevant documents may be submitted)***
Chief Executive	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Mass Testing Personnel Support - Global Production Squad** The current contract with Global Production Squad (GPS) and Sportgate expired on 31st March 2021. Due to the need to continue community testing, as outlined by DHSC, to ensure the Council provides as much safety as possible in line with the governments lockdown easing plan and the economy re-opening all community testing is to be extended until 30th June 2021.	Cabinet Member for Health and Adult Social Care Ward(s): All Wards Contact officer: Linda Jackson, Nadia Jazaerli, Joanna Whall Tel: 07776 673085, , Linda.Jackson@lbhf.gov.uk, Nadia.Jazaerli@lbhf.gov.uk, Joanna.Whall@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered
Strategic Director for the Environment	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Hammersmith Park - Impovements** This relates to the possible partnership between H&F and a developer to make improvements to the bowling green (and possibly the play area) within Hammersmith Park to an estimated value of £450k. There may be financial contributions from both sides covered by agreed Heads of Terms / conditions. Once the details and principles are agreed a report will be forthcoming to seek approval to proceed.	Ward(s): Shepherds Bush Green Contact officer: Silvera Williams Silvera.Williams@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Strategic Director for the Environment	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Bishops Park - Improvement Programme** This relates to a range of projects to be delivered in Bishops Park. The projects are to be funded through s106 contributions and rental / revenue income received in relation to the Fulham FC stadium development. The report will outline how the monies received will be allocated to various improvement projects in the park	Ward(s): Palace Riverside Contact officer: Silvera Williams Silvera.Williams@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet *(other relevant documents may be submitted)*
Strategic Director of the Economy Department	February 2022 Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	**Variation of the Land Sale Agreement - Watermeadow Court** Variation of the terms of the land sale agreement on Watermeadow Court	Cabinet Member for the Economy Ward(s): Sands End Contact officer: Matthew Rumble, Kharon Williams Tel: 07767 78 79 36 matt.rumble@lbhf.gov.uk, kharon.williams@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Resources				
Strategic Director of the Economy Department	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Procurement Strategy - Roof Repair Programme** To repair and replace roofs at 4 locations	Cabinet Member for the Economy Ward(s): College Park and Old Oak; Fulham Reach; Hammersmith Broadway; Town Contact officer: Nilesh Pankhania Nilesh.Pankhania@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Housing	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Procurement Strategy – Dry to Wet Riser Conversion Works in Six (6) Blocks** To appoint a Contractor to undertake conversion works of Dry Risers to Wet Risers in Six (6) Blocks to enhance fire safety.	Cabinet Member for Housing Ward(s): All Wards Contact officer: Richard Buckley richard.buckley@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background

Decision to be Made by (Cabinet or Council)	**Date of Decision-Making Meeting and Reason**	**Proposed Key Decision** **Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.**	**Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents**	**Documents to be submitted to Cabinet** ***(other relevant documents may be submitted)***
				papers to be considered.
Director Children's Services	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Call-off Contract Extensions for Semi-Independent Living Support Providers** Decision report recommending short-term extensions of up to six months from 12 April 2020 to 12 September 2020 to 16 call-off contracts to secure continuation of existing provision of semi-independent living (SIL) accommodation arrangements for Looked After Children and Young People leaving care to enable continuity of these valuable services during the current Covid-19 outbreak.	Cabinet Member for Children and Education Ward(s): All Wards Contact officer: Will Parsons Tel: 0776 848 6764 Will.Parsons@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for the Environment	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Procurement Strategy for Land and Property System** The IDOX Group currently provides the Council's land and property-based IT case management system (Uniform) for multiple regulatory services across the authority. The software is highly embedded within the organisation and underpins a large number of business processes and casework management. Its contract has expired and needs to be reprocured.	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Josh Hadley, Davina Barton Tel: 020 8753 1980, Josh.Hadley@lbhf.gov.uk, Davina.Barton@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Director Children's Services	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Approval to agree contract with Family support Service (FSS)** To enable to enter in to a contract with Family Support Service (FSS).	Cabinet Member for Children and Education Ward(s): Contact officer: Lesley Bell Lesley.Bell@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet *(other relevant documents may be submitted)*
				background papers to be considered.
Cabinet Member for Children and Education	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Contract Extensions on Family Support (FS) Framework** To extend a series of contracts on the Family Support Service (FSS) framework and deliver savings required.	Cabinet Member for Children and Education Ward(s): All Wards Contact officer: Lesley Bell Lesley.Bell@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for the Economy, Cabinet Member for Finance and Commercial Services	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Egyptian House - new housing and community facilities** A property transaction that will result in housing units including affordable housing and community facilities PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for the Economy, Cabinet Member for Finance and Commercial Services Ward(s): Wormholt and White City Contact officer: Nigel Brown Tel: 020 8753 2835 Nigel.Brown@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	**Date of Decision-Making Meeting and Reason**	**Proposed Key Decision** **Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.**	**Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents**	**Documents to be submitted to Cabinet *(other relevant documents may be submitted)***
Strategic Director of the Economy Department	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Procurement Strategies for White City Central** Approval of two procurement strategies for the White City Central scheme.	Cabinet Member for the Economy Ward(s): Wormholt and White City Contact officer: Ayesha Ovaisi Tel: 020 8753 5584 Ayesha.Ovaisi@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Finance and Commercial Services	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**MFD Reprocurement** The Council has a contract for the provision of multi-functional devices (printers, scanners and copiers) so that its staff can have access to print services in its offices. The contract is due for renewal in 2021.	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Josh Hadley Tel: 020 8753 1980 Josh.Hadley@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for the Economy	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Mund Street Site - Contract Award for Design Team** This decision is to appoint a Design Team for the redevelopment of Mund Street. In particular, the decision seeks to appoint a Lead Designer and Architect along with specialist technical sub-consultants to allow for the completion of LBHF Development Gateway 2 (planning) and LBHF Development Gateway 3 (procurement).	Cabinet Member for the Economy Ward(s): North End Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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Cabinet Member for the Economy	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Mund Street Site - Contract Award for Control Team** This decision is to appoint a Control Team for the redevelopment of Mund Street. In particular, the decision seeks to appoint an Employers Agent and Project Manager along with specialist technical sub-consultants to allow for the completion of LBHF Development Gateway 2 (planning) and LBHF Development Gateway 3 (procurement).	Cabinet Member for the Economy Ward(s): North End Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for the Economy	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Farm Lane Site - Contract Award for Design Team** This decision is to appoint a Design Team for the redevelopment of 11 Farm Lane. In particular, the decision seeks to appoint a Lead Designer and Architect along with specialist technical sub-consultants to allow for the completion of LBHF Development Gateway 2 (planning) and LBHF Development Gateway 3 (procurement).	Cabinet Member for the Economy Ward(s): Fulham Broadway Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for the Economy	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Farm Lane Site - Contract Award for Control Team** This decision is to appoint a Control Team for the redevelopment of 11 Farm Lane. In particular, the decision seeks to appoint an Employers Agent and Project Manager along with specialist technical sub-consultants to allow for the completion of LBHF Development Gateway 2 (planning) and LBHF Development Gateway 3 (procurement).	Cabinet Member for the Economy Ward(s): Fulham Broadway Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered

Decision to be Made by (Cabinet or Council)	**Date of Decision-Making Meeting and Reason**	**Proposed Key Decision** **Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.**	**Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents**	**Documents to be submitted to Cabinet** ***(other relevant documents may be submitted)***
Cabinet Member for the Economy	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Lillie Road Site - Design Team Award Report** This decision is to appoint a Design Team for the redevelopment of Lillie Road. In particular, the decision seeks to appoint a Lead Designer and Architect along with specialist technical sub-consultants to allow for the completion of LBHF Development Gateway 2 (planning) and LBHF Development Gateway 3 (procurement).	Cabinet Member for the Economy Ward(s): North End Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for the Economy	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Lillie Road Site - Control Team Award Report** This decision is to appoint a Control Team for the redevelopment of Lillie Road. In particular, the decision seeks to appoint an Employers Agent and Project Manager along with specialist technical sub-consultants to allow for the completion of LBHF Development Gateway 2 (planning) and LBHF Development Gateway 3 (procurement).	Cabinet Member for the Economy Ward(s): North End Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Health and Adult Social Care	February 2022 Reason: Affects 2 or more wards	**Contract extension for Floating Support Service** Agree a contract extension as permitted under the original contract award for plus 2 years to Hestia for floating support services	Cabinet Member for Health and Adult Social Care Ward(s): All Wards Contact officer: Lisa Henry Tel: 07584522952 Lisa.Henry@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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Strategic Director of Social Care	February 2022 Reason: Affects 2 or more wards	**Day Opportunities Contract awards** Contract awards for three day centres for older people	Cabinet Member for Health and Adult Social Care Ward(s): All Wards Contact officer: Lisa Henry Tel: 07584522952 Lisa.Henry@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Strategic Director of the Economy Department	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Procurement Strategy - Caretakers Lodges** The aim of the scheme is to generate income by redeveloping caretakers lodges into low rental, short term accommodation for teaching staff employed in H&F schools, after which they will have the option of accessing the Council wider affordable housing offer e.g. Shared Ownership or Help to Buy. The discovery work has enabled a business case for investment in repurposing four lodges as affordable key workers houses to house a first cohort of teachers from September 2021. This is expected to deliver the Council immediate revenue benefits of between £63k and £113k from the schemes launch with a breakeven point from 2025/26 considering the upfront capital invested. Works scheduled for 2021 are estimated to cost £555,481 and be paid for from Capital Planned Maintenance Budget. Due to the high pre-tender estimated costs for	Ward(s): All Wards Contact officer: Hannah parrott, Jonathan Skaife Jonathan.Skaife@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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		refurbishment to two of the lodges, a procurement strategy will be drafted for approval. This will account for £407,481 of the total pre tender estimated value. The Corporate Landlord Board, Children's Leadership Team and Cabinet Member have approved the business case for progression of the first four lodges.		
Cabinet Member for Health and Adult Social Care	February 2022 Reason: Affects 2 or more wards	**Extension of Incumbent Homecare Contracts** This report seeks Cabinet member approval for the extension of the existing homecare contracts for 1year + 6 months + 6months.	Cabinet Member for Health and Adult Social Care Ward(s): All Wards Contact officer: Christine Williams Christine.Williams@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Children and Education	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Procurement Strategy for Young Persons and Care Leaver's Semi-independent Living** The purpose of this strategy is to set out proposed changes to in-borough commissioned supported housing services for young people at risk of becoming homeless and or at risk of entering the care system as a result of becoming homeless.	Cabinet Member for Children and Education Ward(s): Contact officer: Will Parsons Tel: 0776 848 6764 Will.Parsons@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	**Date of Decision-Making Meeting and Reason**	**Proposed Key Decision** **Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.**	**Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents**	**Documents to be submitted to Cabinet** ***(other relevant documents may be submitted)***
Cabinet Member for Children and Education	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Semi Independent Living Contract (SIL)** Providing the provision of SIL across Care Leavers and Young Persons at Risk Pathway	Ward(s): All Wards Contact officer: Adie Smith Tel: 07554 222 716 adie.smith@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Housing	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Contract Award, Edward Woods external wall safety works** This report seeks approval from the Cabinet Member for Housing to award a contract for the External Wall Safety Works at Edward Woods Estate	Cabinet Member for Housing Ward(s): Shepherds Bush Green Contact officer: Richard Buckley, Vince Conway Tel: 020 8753 1915 richard.buckley@lbhf.gov.uk, Vince.Conway@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Health and Adult Social Care	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Direct Award to Incumbent Substance Misuse Service Providers** This report seeks the approval of a direct award of one year plus six months, (1+6m) to the provision of three substance misuse contracts and two grants to be delivered by the four incumbent providers CGL, Turning Point, Outside Edge and Build on Belief	Cabinet Member for Health and Adult Social Care Ward(s): All Wards Contact officer: Rebecca Richardson Tel: 07827879659 rebecca.richardson@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be

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				considered.
Strategic Director for the Environment	February 2022 Reason: Affects 2 or more wards	**Refuge Direct Award** Direct award refuge provision - 1st April 2021 - 31st March 2022.	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Felicity Charles Tel: 02087534311 Felicity.Charles@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Strategic Director of Social Care	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Extension of Healthy Hearts Contract** Extension of contract with Thrive Tribe to provide a stop smoking service and a cardio vascular disease prevention programme.	Cabinet Member for Health and Adult Social Care Ward(s): All Wards Contact officer: Lisa Henry Tel: 07584522952 Lisa.Henry@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for the Environment	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and	**Contract Award - Revenue and Benefits** Contract for the supply of software and associated support	Ward(s): All Wards Contact officer: Graham Pottle Tel: 07733 038 882 graham.pottle@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background

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	£5m			papers to be considered.
Director Children's Services	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Child and Adolescent Mental Health Services (CAMHS) for 21/22** Exceptional circumstances related to the Covid vaccine roll-out mean that NHS partners are not sufficiently resourced at this time to enter into intended Section 75 arrangements. Therefore, in order to remain within governance requirements, this report seeks approval to directly award contracts for CAMHS services for 2021/22.	Cabinet Member for Children and Education Ward(s): All Wards Contact officer: Craig Holden Tel: 07850 541 477 Craig.Holden@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Strategic Director of the Economy Department	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Procurement Strategy for direct award of a contract for a mult-disciplinary consultant for the major refurbishment of Charecroft Estate W12** The report seeks approval of a procurement strategy proposing a direct award of a contract for multi-disciplinary consultancy services to develop, plan and manage the major refurbishment works at Charecroft estate W12	Ward(s): Addison Contact officer: Vince Conway, Richard Buckley Tel: 020 8753 1915, Vince.Conway@lbhf.gov.uk, richard.buckley@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Children and Education	February 2022 Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	**Award to the Travel Care Taxi Services Framework** Award of providers to the Travel Care Taxi Framework	Cabinet Member for Children and Education Ward(s): All Wards Contact officer: Joe Gunning Tel: 07769672031 Joe.Gunning@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background

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				papers to be considered.
Cabinet Member for the Economy	February 2022 Reason: Affects 2 or more wards	**CONTRACT AWARD REPORT: Responsive Capital reserve contract** On 24th March 2021 the Cabinet Member for Housing approved the award of the Responsive Capital contract to Kier Services Limited for five years from 1st May 2021 (with an option to extend for two additional years). Approval is now sought to appoint a reserve contractor to deliver the Responsive Capital contract.	Cabinet Member for the Economy Ward(s): All Wards Contact officer: William Shanks Tel: 020 8753 6007 william.shanks@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Strategic Director of the Economy Department	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**White City Central redevelopment - Contract Award** Mechanical, Electrical and Public Health Engineer (MEP) Consultant to support the White City Central redevelopment project	Cabinet Member for the Economy Ward(s): Wormholt and White City Contact officer: Tarie Chakare, Ayesha Ovaisi Tel: 020 8753 5584 tarie.chakare@lbhf.gov.uk, Ayesha.Ovaisi@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Leader of the Council	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and	**Request for a Re-Purposing of the Stock Condition Capital Budget for the IHMS** The purpose of the report is to request approval for the re-purposing of the Capital Budget for the Stock Condition surveys to meet the cost of implementing the new Integrated Housing Management System for The Economy.	Cabinet Member for Housing Ward(s): All Wards Contact officer: Dorothy Sturzaker Dorothy.Sturzaker@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background

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	£5m			papers to be considered.
Cabinet Member for Children and Education	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Caretaker Lodges- Letting Agency Procurement** To lease the four caretaker lodges in the first phase of the Caretaker Lodge project to a letting agency to manage the tenancies & properties in partnership with H&F- details of allocations of responsibilities to be agreed. This is part of the Caretaker Lodges Project to provide local low rent teacher accommodation to increase teacher retention in LBHF and maintain outstanding education provision in the borough.	Cabinet Member for Children and Education Ward(s): All Wards Contact officer: Lydia Sabatini Lydia.Sabatini@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Deputy Leader	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Award for Violence Against Women and Girls Services** Award report for VAWG services - Integrated Support Service	Deputy Leader Ward(s): All Wards Contact officer: Felicity Charles Tel: 02087534311 Felicity.Charles@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Strategic Director of the Economy Department	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between	**Relief contractor for Housing Repairs** Procurement Strategy for procuring a contractor from a framework to address a backlog of disrepair cases, voids and major repairs.	Cabinet Member for the Economy Ward(s): All Wards Contact officer: William Shanks Tel: 020 8753 6007 william.shanks@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation

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	£1.5m and £5m			and / or background papers to be considered.
Cabinet Member for Housing	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Procurement Strategy for H&F Maintenance 'DLO' Roofing Subcontractor** This report seeks approval to procure a roofing subcontractor to carry out roofing repairs, on behalf of H&F Maintenance 'the DLO', via a restricted tender process to Small and Medium-sized Enterprises (SME's). This is permitted for high-value contracts under contract standing order 4.8. The DLO has responsibility for carrying out repairs to communal areas for the majority of our council housing stock and requires a subcontractor to refer roofing repairs to, due to the specialist nature of these works, in order to fulfil our duties as landlord to keep our buildings safe and in good repair.	Cabinet Member for Housing Ward(s): All Wards Contact officer: Claire Horn Tel: 07860 649 918 Claire.horn@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Housing	Before 1 Feb 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Procurement strategy for DLO vehicle supplier** Hammersmith and Fulham Maintenance and the Fire Safety Works team, aka the 'DLO' has been delivering communal repairs and maintenance across the borough since April 2019. It's initial procurement approval for vehicle hire expired in June 2020. However, it has continued to lease vehicles from Northgate Vehicles on a flexi-contract since then. This paper seeks approval to note and ratify that use, and to approve procurement of a new contract going forward	Cabinet Member for Housing Ward(s): All Wards Contact officer: Claire Horn Tel: 07860 649 918 Claire.horn@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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Cabinet Member for Strategy	1 Feb 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Grounds Maintenance Procurement** Grounds maintenance procurement strategy was approved by Cabinet on 1st June 2020. This procurement has 4 Lots: Lot 1 Parks, Highways and Cemeteries, Lot 2 Housing (Economy department), Lot 3 Wormwood Scrubs, Lot 4 Trees. Each lot will need approval to accept the best tendered offer.	Cabinet Member for Strategy Ward(s): All Wards Contact officer: Richard Gill Tel: 07833482119 richard.gill@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Health and Adult Social Care	Before 3 Feb 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Procurement Strategy for a Sexual Health Promotion, Information and Advisory Service** The recommissioning of a Sexual Health Promotion and Advisory service that: promotes good sexual health and educates residents to enable them to make informed decisions, provides tailored prevention and support services to all the diverse communities resident in Hammersmith and Fulham, provides within the services, elements that specifically address both the physical and mental health needs, and employment aspirations of people living with HIV works with GPs and other specialist sexual health services to facilitate access to sexual health screening and contraception services appropriate to the resident's need	Ward(s): All Wards Contact officer: Julia Woodman Julia.Woodman@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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Cabinet Member for Housing	February 2022 Reason: Affects 2 or more wards	**Variations to (Housing) Gas, Electrical and Out of Hours Call Handling contracts** A report detailing proposed variations to three contracts following Annual Review of contract performance.	Ward(s): All Wards Contact officer: Richard Buckley richard.buckley@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Public Services Reform	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Award report for managed service for temporary agency resources** Award report for temporary agency resources.	Cabinet Member for Public Services Reform Ward(s): All Wards Contact officer: Mary Lamont mary.lamont@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Strategic Director of the Economy Department	February 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Macbeth Annex and Broadway Children's Centre Decarbonisation Projects - contract award** Decision relates to the award of a contract for two Public Sector Decarbonisation Scheme projects, involving (1) ASHP replacement to Annex and heating upgrades at Macbeth and (2) ASHP replacement and heating upgrades at Brook Green. This decision follows the procurement strategy decision listed on 14th December.	Ward(s): All Wards Contact officer: David McNulty David.McNulty@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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Cabinet Member for Housing	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Roofing Contract Award** Contract award for a contractor to deliver roofing repairs and maintenance works across council housing properties.	Ward(s): All Wards Contact officer: Emma Lucas Tel: 07827883247 Emma.Lucas@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Housing	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Award Report – Asbestos Removals and Remediation Works** Procurement of a contractor to undertake Asbestos Removal and Remediation Works across the borough. This is an urgent procurement to ensure the Council meets its statutory obligations under the Control of Asbestos Regulations 2012. **Reason for urgency:** This is a fast-track procurement exercise to appoint a new contractor to undertake 'Asbestos Removal and Remediation Works'. The incumbent contractor has informed the Council of their decision to exit the contract for commercial reasons, therefore, the new contractor must be appointed as soon as possible.	Ward(s): All Wards Contact officer: Dominic D Souza Dominic.DSouza@lbhf.gov.ul	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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Cabinet Member for the Economy	February 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**AWARD OF CONTRACT AND PROCUREMENT STRATEGY FOR THE COUNCIL'S LAND AND PROPERTY-BASED IT SYSTEM** AWARD OF CONTRACT AND PROCUREMENT STRATEGY FOR THE COUNCIL'S LAND AND PROPERTY-BASED IT SYSTEM	Ward(s): All Wards Contact officer: Davina Barton Davina.Barton@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Children and Education	Before 28 Feb 2022 Reason:	**Procurement Strategy to Develop Parenting Assessment Framework** Open tender exercise to regularise contract arrangements and enable best value from independent social work led parenting assessments for Children's Social Care.	Ward(s): All Wards Contact officer: Will Parsons Tel: 0776 848 6764 Will.Parsons@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Finance and Commercial Services	28 Feb 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Merchant Acquirer Services** To approve the procurement strategy for the provision of Merchant Acquirer Services	Ward(s): All Wards Contact officer: Christopher Harris Tel: 020 8753 6440 Harris.Christopher@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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Deputy Leader	Before 30 Apr 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Award for Domestic Abuse Refuge Provision** To award provision for domestic abuse safe accommodation services (refuge)	Ward(s): All Wards Contact officer: Beth Morgan Tel: 020 8753 3102 beth.morgan@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Health and Adult Social Care	1 Mar 2022 Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m	**Direct award of the contracts for mental health supported living services** Direct awards for five contracts to deliver supported living services for residents with serious mental health issues.	Ward(s): All Wards Contact officer: Michele Roberts Tel: 020 8834 4734 Michele.Roberts@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Children and Education	1 Mar 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Semi Independent Living Contract (SIL) Award** Award report for the procurement of Semi Independent Living service for Young People at Risk and Care Leavers.	Ward(s): All Wards Contact officer: Adie Smith Tel: 07554 222 716 adie.smith@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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Cabinet Member for Children and Education	8 Mar 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	**Approval to the financial contributions to CCG-held Speech and Language Therapy contract** This report seeks approval to continue financial contributions to the CCG held Speech and Language Therapy Services (SALT) contract.	Ward(s): All Wards Contact officer: Joe Gunning Tel: 07769672031 Joe.Gunning@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
CABINET - 7 February 2022				
Cabinet	7 Feb 2022 Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	**FOUR YEAR CAPITAL PROGRAMME 2022/23 AND CAPITAL STRATEGY 2022/23** This report presents the Council's four-year Capital Programme for the period 2022 to 2026.	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Feb 2022 Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	**CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2021/22 (THIRD QUARTER)** This report provides a financial update on the council's capital programme and requests approval for budget variations to the capital programme.	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be

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				considered.
Cabinet	7 Feb 2022 Reason: Affects 2 or more wards	**REVENUE BUDGET AND COUNCIL TAX LEVELS 2022/23** The 2021/22 revenue budget proposals regarding Council tax levels, investment and savings proposals, changes to fees and charges, budget risks, reserves and balances and equalities impact assessments.	Leader of the Council Ward(s): All Wards Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Feb 2022 Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	**Financial Plan for Council Homes: The Housing Revenue Account (HRA) 2022/23 HRA Budget, 2022/23 Rent Increase and HRA 40 Year Financial Business Plan** This report sets out proposals for the Housing Revenue Account (HRA) budget for the financial year 2022/23 including changes to rent levels and other charges. The report also sets out the revised 40 year HRA financial plan, the updated savings requirement and explains the financial risks facing the HRA.	Cabinet Member for Housing Ward(s): All Wards Contact officer: Danny Rochford Danny.Rochford@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Feb 2022 Reason: Budg/pol framework	**Treasury Management Strategy Statement** This report sets out the Council's Treasury Management Strategy for 2022/23	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Emily Hill emily.hill@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background

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				papers to be considered.
Cabinet	7 Feb 2022 Reason: Budg/pol framework	**Treasury Management Mid-Year Review Report** This report sets out the Council's performance for the first 6 months of 2021/22	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Emily Hill emily.hill@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Feb 2022 Reason: Budg/pol framework	**Short Breaks Statement and Eligibility Criteria** Short Breaks Statement update May 2021. This Statement is about the offer of short breaks available for children with disabilities and their families in Hammersmith and Fulham. It sets out how the services are organised, and routes to access them. This short break statement is published as a requirement of the Children and Families Act 2014.	Cabinet Member for Children and Education Ward(s): All Wards Contact officer: Lesley Bell, Hannah parrott Lesley.Bell@lbhf.gov.uk,	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
CABINET - 7 March 2022				
Cabinet	7 Mar 2022 Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital	**Hammersmith Bridge – Essential Work Leading to Strengthening and Restoration Project** It is important that progress is maintained for the full re-opening of the Bridge to all motorised traffic (in line with the Strategic Transport aspirations of the Department of Transport, Transport for London and LBHF). In this regard, there	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Bram Kainth Tel: 07917790900 bram.kainth@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation

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	between £1.5m and £5m	are essential works on the concept design and technical ground investigations that need to be completed during the year whilst the stabilisation works are progressing. This will ensure that the future project to strengthen and restore the Bridge can be undertaken with greater expediency, effectiveness and minimisation of technical risks.		and / or background papers to be considered.
Cabinet	7 Mar 2022 Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	**CCTV Capital Investment Strategy** Report requesting approval for funding to undertake an upgrade of H&F's CCTV network over four years.	Deputy Leader Ward(s): All Wards Contact officer: Matthew Hooper Tel: 07450 964 681 Matthew.Hooper@lbhf.gov.u	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Mar 2022 Reason: Budg/pol framework	**Schools Budget Shares - Dedicated Schools Grant 2022-23** Approval of the mainstream schools budget shares for Hammersmith and Fulham Schools in the financial year 2022/23 (April 2022 to March 2023). Budget proposals were developed in Autumn 2021 in consultation with schools and Schools Forum. The Council approval of the schools budget 2022/23 follows approval by Schools Forum on 18th January 2022 and submission of the Authority Proforma Tool budget sheet to the Department of Education on 21st January 2022.	Cabinet Member for Children and Education Ward(s): All Wards Contact officer: Tony Burton tony.burton@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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Cabinet	7 Mar 2022 Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	**Investing in more New Affordable Homes in the Borough** development on 4 sites	Cabinet Member for the Economy Ward(s): Askew; Sands End; Town Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Mar 2022 Reason: Affects 2 or more wards	**Affordable Workspace Supplementary Planning Document** Planning guidance document to help deliver affordable workspace on development schemes.	Cabinet Member for the Economy Ward(s): All Wards Contact officer: David Gawthorpe David.Gawthorpe@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Mar 2022 Reason: Affects 2 or more wards	**Railway Arches Supplementary Planning Document** Development guidance document for planning applications associated with Railways Arches.	Cabinet Member for the Economy Ward(s): All Wards Contact officer: David Gawthorpe David.Gawthorpe@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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Cabinet	7 Mar 2022 Reason: Affects 2 or more wards	**Adopting the WLA low-carbon procurement policy** This paper seeks approval from Cabinet to adopt the West London Alliance (WLA) low carbon procurement policy. This has been developed collaboratively between eight boroughs, and is intended to present a unified, high-level expectation of suppliers for council contracts on tackling the climate emergency across the subregion. An accompanying low-carbon charter ('the charter') with suppliers has been developed for inclusion in all new tenders, and for circulation to existing suppliers to encourage them to sign up to the same principles. A low-carbon procurement toolkit ('the toolkit') has also been developed to support commissioning and procurement officers to adopt climate considerations into all procurement.	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Jim Cunningham Tel: 07468 365829 Jim.Cunningham@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Mar 2022 Reason: Affects 2 or more wards	**Violence Against Women and Girls (VAWG) Strategy** H&F's Violence Against Women and Girls Strategy for approval	Deputy Leader Ward(s): All Wards Contact officer: Beth Morgan Tel: 020 8753 3102 beth.morgan@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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CABINET - 19 April 2021				
Cabinet	19 Apr 2022 Reason: Affects 2 or more wards	**2021/22 Corporate Revenue Monitor - Month 9 (December 2021)** Update of 2021-22 financial forecast	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Gary Ironmonger Tel: 020 8753 2109 Gary.Ironmonger@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	19 Apr 2022 Reason: Affects 2 or more wards	**Fixed Penalty Notices to be issued by LET team** Update to several of the existing amounts	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Mohammed Basith, Beth Morgan Tel: 020 8753 3102 Mohammed.Basith@lbhf.gov.uk, beth.morgan@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
CABINET - 6 June 2022				
Cabinet	June 2022 Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend	**Procurement Strategy for Mental Health Supported Housing** Procurement strategy for our mental health supported housing in borough contracts. PART OPEN PART PRIVATE	Cabinet Member for Health and Adult Social Care Ward(s): All Wards Contact officer: Joanna Mccormick, Michele Roberts, Rebecca Richardson Tel: 0741207694, Tel: 020 8834 4734, Tel:	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation

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	over £300K	Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	07827879659 Joanna.Mccormick@lbhf.gov.uk, Michele.Roberts@lbhf.gov.uk, rebecca.richardson@lbhf.gov.uk	and / or background papers to be considered.
CABINET - 4 July 2022				
Cabinet	4 Jul 2022 Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	**Vehicle Removal & Pound Services Contract** This report sets out the procurement strategy for a Vehicle Removal & Pound Services Contract	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Oluremi Ogunleye oluremi.ogunleye@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.