

Cabinet

Agenda

MONDAY
6 FEBRUARY 2023
7.00 pm

MAIN HALL
FIRST FLOOR
3 SHORTLANDS
LONDON W6 8DA

Watch the meeting
live on YouTube:
<https://youtu.be/dEcGxMv22ps>

Membership

Councillor Stephen Cowan, Leader of the Council
Councillor Ben Coleman, Deputy Leader
Councillor Rebecca Harvey, Cabinet Member for Social Inclusion and Community Safety
Councillor Bora Kwon, Cabinet Member for Civic Renewal,
Councillor Alex Sanderson, Cabinet Member for Children and Education
Councillor Wesley Harcourt, Cabinet Member for Climate Change and Ecology
Councillor Andrew Jones, Cabinet Member for The Economy,
Councillor Frances Umeh, Cabinet Member for Housing and Homelessness
Councillor Rowan Ree, Cabinet Member for Finance and Reform
Councillor Sharon Holder, Cabinet Member for Public Realm

Date Issued
27 January 2023

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

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

PUBLIC NOTICE

The Cabinet hereby gives notice of its intention that it may want to hold part of this meeting in private to consider the exempt elements of item **11** which are exempt on the basis that they are legally privileged as set out in paragraph 5 of Schedule 12A of the Local Government Act 1972. and item **12** which are exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972, in that they relate to the financial or business affairs of any particular person, including the authority holding the information.

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

Members of the Public are welcome to attend but spaces are limited. To register for a place please contact katia.neale@lbhf.gov.uk. Seats will be allocated on a first come first serve basis. A loop system for hearing impairment is provided, together with disabled access to the building.



Shortlands

3 Shortlands,
Hammersmith,
London W6 8DA



Closest Underground Station
Hammersmith



Closest Bus Stop
Latymer Court (Stop G)

DEPUTATIONS

Members of the public may submit a request for a deputation to the Cabinet on item numbers **5-12** on this agenda using the Council's Deputation Request Form. The completed Form, to be sent to Katia Neale 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 1 February 2023.**

COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published by **Tuesday 7 February 2023**. Items on the agenda may be called in to the relevant Accountability Committee.

The deadline for receipt of call-in requests is: **Friday 10 February 2023 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 10 February 2023**.

Cabinet Agenda

6 February 2023

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1. MINUTES OF THE CABINET MEETING HELD ON 9 JANUARY 2023	5 - 14
2. APOLOGIES FOR ABSENCE	
3. DECLARATION OF INTERESTS	
<p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Standards Committee.</p>	
4. PETITIONS : PETITION OF "ENSURING RESPONSIBLE DOG OWNERSHIP AND ENSURING DOGS' ESSENTIAL NEEDS ARE MET"	15 - 56
5. THE HOUSING REVENUE ACCOUNT (HRA) BUDGET AND RENTS/SERVICE CHARGES FOR 2023/24	57 - 76
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7.	FOUR YEAR CAPITAL PROGRAMME 2023-27 AND CAPITAL STRATEGY 2023/24	175 - 210
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9.	TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24	235 - 274
10.	SOURCING STRATEGY	275 - 290
11.	CIVIC CAMPUS ENHANCED INVESTMENT	291 - 311

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

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

12.	HIGHWAYS WORKS CONTRACT FRAMEWORK EXTENSION	312- 321
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This report has two appendices which contain information exempt within the meaning of Schedule 12A to the Local Government Act 1972 and are not for publication. The appendices have therefore been circulated to Cabinet Members only.

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

13.	FORWARD PLAN OF KEY DECISIONS	322 - 360
14.	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 9 January 2023

NOTE: This meeting was held remotely. A recording of the meeting can be watched at on YouTube at: <https://youtu.be/fiXpxamZjLc>

PRESENT

Councillor Stephen Cowan, Leader of the Council
Councillor Ben Coleman, Deputy Leader
Councillor Wesley Harcourt, Cabinet Member for Climate Change and Ecology
Councillor Andrew Jones, Cabinet Member for The Economy
Councillor Sharon Holder, Cabinet Member for Public Realm
Councillor Rebecca Harvey, Cabinet Member for Social Inclusion and Community Safety
Councillor Bora Kwon, Cabinet Member for Civic Renewal
Councillor Rowan Ree, Cabinet Member for Finance and Reform
Councillor Alex Sanderson, Cabinet Member for Children and Education
Councillor Frances Umeh, Cabinet Member for Housing and Homelessness

ALSO PRESENT

Councillor Victoria Brocklebank-Fowler

ALSO PRESENT VIRTUALLY

Councillor Patricia Quigley

1. MINUTES OF THE CABINET MEETING HELD ON 5 DECEMBER 2022

RESOLVED:

That the minutes of the meeting of the Cabinet held on 5 December 2022 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

2. APOLOGIES FOR ABSENCE

There were no apologies for absence.

3. DECLARATION OF INTERESTS

There were no declarations of interest.

4. COST OF LIVING CRISIS AND CLIMATE EMERGENCY RESPONSE - CHANGES TO PARKING CHARGES

Councillor Sharon holder introduced the report proposing to implement new emissions-based parking charge bands and improve the offer for residents visiting friends and family or shopping across the borough. The policy would decrease charges on 80% of vehicles and support the Council's net carbon zero 2030 target and clean air neighbourhood strategy while helping residents tackle the cost-of-living crisis. It also supports businesses in the face of a potential recession.

Councillor Victoria Brocklebank-Fowler welcomed the decrease in parking charges for residents but asked the reason for favouring electric cars as only around 3% of residents owned an electric car due to its high cost. She believed that the decrease should apply to all vehicles as the majority of people were still affected by higher parking charges.

Councillor Holder replied that in the near future most people would own an electric car and at that point the new charges would favour everyone in the borough.

Cllr Brocklebank-Fowler acknowledged that this was a forward-looking policy, but it would take a long time for the majority of people to be able to afford buying an electric car.

Cllr Brocklebank-Fowler noted that the higher cost of parking charges had affected business since it had been implemented and asked what steps the Council was taking to help businesses during this period.

Councillor Holder stated that the Council had an extensive programme to support residents and businesses through the cost-of-living crisis, led by Councillor Harvey. She added that she had not been contacted by any business requesting help related to the cost of parking.

Cllr Brocklebank-Fowler added that there was no mention on this report about opening up of the borough to free zonal parking outside rush hour and school run traffic.

Councillor Holder replied that she was currently reviewing this issue and would bring a paper forward for consideration and approval by Cabinet in the near future.

Councillor Victoria Brocklebank-Fowler asked for the reason for the high increase in parking charges during the pandemic.

Councillor Ben Coleman stated that the higher parking charges were introduced to stop non-residents using the borough as a parking lot. However, the situation

had changed, and many residents had made representations to the Council that they were being affected by the higher cost of parking outside their residential zone. In addition, the Council had a commitment to reach net carbon zero by 2030. He reiterated that 80% of all vehicles would see a decrease in parking charges. The proposed tariffs would be divided into four bands depending on their CO2 emissions, with diesel being the most expensive.

Cllr Brocklebank-Fowler added that she would like to see a table with figures for non-residents parking in the borough to check whether there had been an increase in numbers during the pandemic to justify the consequent increase in parking charges.

Kainth Bram, Strategic Director of Environment, assured he would send her the information required.

The Leader acknowledged that over the last 12 years the economy and local government funding had been a real challenge, exacerbated by the significant increase in inflation. Therefore, considering inflation, in real terms the new proposed parking charges were lower than before they were increased during the pandemic. The big challenge to consider was to effectively tackle climate change by limiting the number of vehicles on the streets and encouraging people to use cleaner forms of transport, including cycling and other active travel means. Consequently, this would also help businesses as it would be easier for people to stop and shop. North End Road was an example where business turnover significantly increased on the days the road closed to traffic.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

1. To approve the new short stay parking tariffs as set out in the Table 4 below.
2. To delegate the implementation of recommendation above to the Strategic Director of Environment.

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. MEMBERSHIP OF PAN LONDON VEHICLE (PLV) FOR COMMISSIONING CHILDREN'S SOCIAL CARE PLACEMENTS

Councillor Alex Sanderson introduced the report seeking approval for the Council to become a member of the Pan London Vehicle (PLV), a not-for-profit commissioning organisation for a five-year period from 1st April 2023 to 31st March 2028. Joining the PLV would ensure that the Council would be able to access specialist placements as and when needed, at a competitive rate, and ensuring the best outcomes for the children.

Councillor Victoria Brocklebank-Fowler stated that it was important that other London local authorities were involved to decrease the costings. She asked for the number of London councils that had signed up to for this project so far. She noted that fortunately there was only a very low number of children in the borough who might have to be placed in a secure children's home.

Councillor Sanderson replied that this project had wide support across London and councils were currently taking the proposal through their approval process. The Council had a statutory duty to ensure there were places available for a child in a secure children's home when needed. However, currently there was no secure provision in London which meant children would have to be sent far away, which had negative outcomes and was very expensive. Therefore, it made sense to become a member of the PLV, which would be funded by the Department for Education.

The Leader stated that the Council's approach was to focus on the children's needs and not just the money. Value for money was important but only mattered if services worked. Hopefully, no child would need to be placed in a secure home, but this was a good step forward which would be constantly monitored.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

1. That LBHF becomes a member of a not-for-profit company, limited by guarantee, provisionally to be known as the Pan London Vehicle (PLV), to:
 - Develop and then oversee the running of London's secure children's home provision for a five-year period from 1st April 2023 to 31st March 2028 (with a break-point after three years), at a fixed annual cost of £20,000 payable only once the provision has launched (subject to inflation adjustment), unless an alternative model for funding is agreed by members during the development phase.
 - Collaborate with other PLV members on future joint commissioning programmes.
2. That LBHF commits in principle to joint oversight and risk/benefit sharing, through the PLV, of the secure children's home provision, for a five-year period to 31st March 2028, including the build, service development and service commissioning phases, subject to ratification after the revision of the SCH business case, and renewable on a ten yearly cycle thereafter (break-point after five years).

3. That Cabinet delegates authority to the Strategic Director of Children's Services, in consultation with the Director of Finance, Monitoring Officer, and Cabinet Member for Children and Education to:
 - finalise the legal documents required to set up, join and run the PLV, and
 - make the final determination on the Council's membership of the PLV, following completion of the revised SCH business case and, if appropriate, enter into all the legal agreements, contracts and other documents on behalf of the Council required to implement and run any aspect of the PLV arrangements, and
 - exercise the break clause if it is not considered appropriate to proceed with membership of the PLV

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. WEST LONDON ALLIANCE FIBRE FUND ALLOCATION TO HAMMERSMITH & FULHAM

Councillor Andrew Jones introduced the report seeking approval for the Council to receive £1.13m of funding from the West London Alliance (WLA) Digital Fibre Programme to improve digital connectivity for residents and businesses in the borough.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

That Cabinet:

1. Approves the transfer of £1.13m from the WLA Fibre West Digital Programme to H&F in compliance with the terms of the Grant Funding Agreement between LB Ealing as the Accountable Body for SIP 1 Funding and H&F dated 4 March 2019.
2. Delegates authority to the Strategic Director for the Economy to negotiate and enter into such agreements as required between WLA and H&F following consultation with Assistant Director of Legal Services and Director of Finance.

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. COUNCIL TAX SUPPORT SCHEME 2023/24

Councillor Rowan Ree stated that LBHF had the third lowest Council Tax in the country and one of the most generous Council Tax Support Schemes. Only 53% of residents paid the full Council Tax amount. This Council was also one of only 34 Councils out of 326 across England that charged nothing for the most vulnerable residents. Most other councils had introduced a “minimum payment”.

Councillor Ree praised officers for this great achievement, in light of the cuts in Government grant funding over the recent years (55% in real terms).

Councillor Victoria Brocklebank-Fowler congratulated Councillor Ree for the continuation of the Council Tax Support Scheme, particularly now that residents were facing the most challenging of times.

The Leader noted that LBHF had opted to keep the Council Tax Support Scheme but over the last few years it had become increasingly difficult to maintain it, whilst many other councils were in financial difficulties or bankrupt. However, due to a tight financial administration, reforming public services and saving a record amount of Council’s spending it allowed the Council to invest in front-line services and in schemes such as this one.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

That Cabinet agrees the following recommendations to be approved by full Council:

1. That the Council Tax Support Scheme in operation in 2022/2023 (included at Appendix 1) shall continue in 2023/2024.
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 2023/2024.

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. COUNCIL TAX BASE AND COLLECTION RATE 2023/24 AND DELEGATION OF THE BUSINESS RATE ESTIMATE

Councillor Rowan Ree stated that this report was a statutory requirement setting out the Council Tax Base for the purposes of the 2023/24 revenue budget. There had been an increase of 1,673 properties over the previous year.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

1. That Cabinet agrees to refer this report to full council and recommend approval by full council for the financial year 2023/24 of:
 - a. - The estimated numbers of properties for each Valuation Band as set out in this report.
 - b. - An estimated collection rate of 97.0%.
 - c. - The Council Tax Base of 83,936 Band “D” equivalent properties.
 - d. - The delegation of authority to the Director of Finance to determine the business rates tax base for 2023/24.

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.

9. 2022 CORPORATE REVENUE MONITOR - MONTH 6 (SEPTEMBER 2022)

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

1. To note the General Fund forecast overspend of £5.023m.
2. To note that the forecast drawdown from the Housing Revenue Account general balance will be £5.366m. This is £1.316m more than budgeted
3. To note the in-year Dedicated Schools Grant High Needs Block forecasted surplus of (£0.700m), reducing the cumulative deficit.
4. To approve General Fund virements totalling £0.230m as detailed in appendix 10.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

10. CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2022/23 (SECOND QUARTER)

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

1. To note the net forecast decrease in forecast 2022/23 capital expenditure of £17m. The variations are detailed in Appendix 2.
2. To approve the updated four-year capital programme 2022-2026 of £695.6m as detailed in Appendix 1.
3. To approve an additional budget of £0.300m for the Farm Lane predevelopment costs (as described in Appendix 6) funded from General Fund borrowing.
4. To approve an additional budget of £1.435m for asset management and compliance programme costs related to pre-agreed and void works funded from the Housing Revenue Account (HRA) borrowing as described in paragraph 14.
5. To note the potential risks regarding the Housing Capital Programme, as summarised in paragraphs 16-19.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

11. HOUSING MANAGEMENT CONTRACTS

Councillor Frances Umeh stated that in 2013 the Housing Management service was split in two and the service in the south of the borough was outsourced. As this contract was coming to an end, this report recommended the service to be brought in-house to ensure the continuation of high-level housing services and a holistic approach to be taken across the borough.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

1. To note that Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve the insourcing of the Housing Management South service, to be directly delivered by LBHF, to start on 14th June 2023, at an anticipated cost of up to £8.3m across the first 5 years of delivery, which represents a comparable cost to the current outsourced contract.
3. To authorise and delegate authority to the Strategic Director of Economy to put in place a project development and mobilisation plan for the insourced Housing Management Service and any other appropriate agreements necessary to give effect to the decision in recommendation 1 above, including TUPE and any other termination provisions and also any required changes to structure and model within budget envelopes.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

12. PROCUREMENT STRATEGY FOR THE HOUSING CARETAKING SERVICE

Councillor Frances Umeh introduced the report seeking approval to re-procure the Housing Caretaking service, via a competitive procedure with negotiation for a period of 5 years, with the option of up to 2 years extension.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

4. To note that Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
5. To approve the reprocurement of the Housing Caretaking service, via a competitive procedure with negotiation, to start on 31st March 2024, for a period of 5 years with the option of up to 2 years extension, for an anticipated cost of up to £32,000,000.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

13. FORWARD PLAN OF KEY DECISIONS

The Key Decision List was noted.

14. DISCUSSION OF EXEMPT ELEMENTS (IF REQUIRED)

There was no discussion of exempt elements.

Meeting started: 7.03 pm
Meeting ended: 7.34 pm

Chair

Report to: Cabinet

Date: 06/02/2023

Subject: Consideration of petition: "Ensuring responsible dog ownership and ensuring dogs' essential needs are met"

Report of: Councillor Rebecca Harvey - Cabinet Member for Social Inclusion and Community Safety

Report author: Charis Champness, Service Transformation Lead

Responsible Director: Bram Kainth, Strategic Director of Environment

SUMMARY

On 16 November 2022, the Council launched a public consultation seeking views on a proposed Public Spaces Protection Order (PSPO) in relation to responsible dog ownership and dog control. The proposed PSPO would introduce a series of 'dog exclusion zones' and 'dogs on lead zones' in parks and open spaces and introduce new rules in relation to dog fouling and the maximum number of dogs which can be walked by any one person at any one time in H&F. The PSPO also proposes giving authorised Council and Police officers powers to request a dog be put on a lead. Authorised officers would have powers to issue a Fixed Penalty Notice (FPN) of £100 (reduced to £60 if paid within 10 days) to those who engage in an activity that is prohibited by the Order.

The consultation period ended on 15 January 2023, and officers are currently analysing the findings. During the consultation period, a petition against the proposed PSPO was started by the petition organiser. This petition has a total of 253 signatures from residents. Under the Council's Petitions Scheme, a petition which attracts 250 valid signatures (of people who live, work or study in the borough) triggers consideration of the petition by Cabinet. This petition meets this criterion, and so is considered here. A formal decision regarding introducing the PSPO following the public consultation will be the subject of a separate Cabinet Member decision report, by the Cabinet Member for Social Inclusion and Community Safety.

RECOMMENDATIONS

1. To note the petition
2. To take any decisions accordingly

Wards Affected: All

Financial Impact

This report considers the petition received during the consultation period only. A formal decision regarding the potential introduction of a PSPO will be the subject of a separate cabinet member decision report, including financial implications. However, it is expected that the financial costs associated with implementing a PSPO will be limited to the cost of signage. The PSPO would be enforced by the council's Law Enforcement Officers as part of their regular duties, meaning no additional resources would be required. The income from any Fixed Penalty Notices issued would contribute to the cost of enforcement.

Implications completed by Kellie Gooch – Head of Finance (Environment), 23 January 2023.

Legal Implications

Section 59 of the Anti-Social Behaviour Crime and Policing Act 2014 allows the Council to make a PSPO.

A formal decision has not been made regarding introducing the PSPO following the public consultation. However, before making a decision regarding the introduction of a PSPO, the Council must be satisfied that certain dog related behaviours across the borough are having a detrimental effect on the quality of life. Also, that the effect of those behaviours is, or is likely to be, of a persistent and continuing nature; and is, or is likely to be, unreasonable. In addition, the Home Office statutory guidance states that the proposed restrictions should, be proportionate to the detrimental effect that the behaviour is causing and be necessary to prevent it continuing.

Anyone who lives in, regularly works in or visits the area can appeal a PSPO in the High Court within six weeks of issue on the grounds that the council did not have the power either to make the order or to include particular prohibitions or requirements, or that proper processes had not been followed as prescribed by the Act.

The Council must, when carrying out its functions, have due regard to the needs set out in section 149 of the Equality Act 2010 (the Public Sector Equality Duty, "PSED"). This duty includes 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. The Council must consider the duty, which is personal to decision makers. In order to assist the Council to comply with section 149, an Equality Impact Assessment ("EQIA") will be completed and submitted alongside the decision report drafted. The relevant decision-maker must carefully consider the EQIA as applicable to the decision they are asked to approve. In summary, the PSED requires the Council, when exercising its functions, to have "due regard" to the need to:

- a. Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act (which includes conduct prohibited under section 29);
- b. Advance equality of opportunity between people who share a relevant protected characteristic and those who don't share it;

LONDON BOROUGH OF HAMMERSMITH & FULHAM

- c. Foster good relations between people who share a relevant protected characteristic and those who do not (which involves having due regard, in particular, to the need to tackle prejudice and promote understanding).

A consultation has been carried out and the Cabinet Member must carefully consider the consultation responses when approving the decision report. So far no PSPO has been put in place.

Implications verified/completed by: Grant Deg, Assistant Director, Legal Services, Grant.Deg@lbhf.gov.uk, 07798588766, 22 January 2022.

DETAILED ANALYSIS

1. Prior to 2017, H&F had various rules in place around dog control through Dog Control Orders (DCOs), under the Clean Neighbourhoods and Environment Act 2005. With the introduction of the ASB, Crime and Policing Act 2014, DCOs were replaced by PSPOs. In 2017, the council converted its existing Dog Control Orders into a PSPO for a period of 3 years. This PSPO expired in October 2020.
2. The previous dog control PSPO contained prohibitions in relation to:
 - ‘Dog exclusion’ areas – areas of parks and open spaces where dogs weren’t allowed, such as children’s playgrounds
 - ‘Dogs on lead’ areas – areas of parks and open spaces where dogs must be kept on a lead, such as wildlife conservation areas and cemeteries
 - ‘Leads by direction’ – gave certain council and police officers powers to ask dog walkers to put their dogs on a lead if they were not under control, are acting aggressively or are causing damage
 - ‘Specified Maximum’ - No more than four dogs could be walked at a time by any one person
 - Dog fouling
3. In November 2022, the Council launched a public consultation seeking views on a proposed new Public Spaces Protection Order (PSPO) in relation to responsible dog ownership and dog control. The proposed PSPO would remain in place for a period of up to three years once introduced.
4. The proposed prohibitions for the new PSPO included:
 - A ‘dog exclusion’ order, which would introduce certain ‘dog free’ areas including children’s playgrounds, sports courts, multi-use games areas and marked pitches (where games are in-play).
 - A ‘dogs on leads’ order, which would introduce certain ‘dogs on lead only’ areas and preventing dogs from being exercised off-leads in certain areas, such as wildlife conservation areas and cemeteries.
 - A ‘dogs on leads by direction’ order, which would grant authorised officers the power to request that dogs be put on leads where they are not under the

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- appropriate control of their owner, or where they are causing damage or acting aggressively.
- A 'specified maximum' order, which would enable authorised officers to issue penalties to those walking more than the maximum number of dogs at any one time.
 - A 'dog fouling' order which would enable authorised officers to fine those that do not clean up after their dog.
 - A 'poop scoop and/or disposable bag' order, this would enable authorised officers to ask dog walkers to produce a clean-up bag which would be used to remove the faeces from the land on request.
5. The proposed PSPO would give authorised Council and Police officers powers to issue a Fixed Penalty Notice (FPN) of £100 (Reduced to £60 if paid within 10 days) to those who engage in an activity that is prohibited by the Order, such as bringing their dog into a 'dog exclusion' area; exercising their dog off lead in a 'dogs on lead' area or refusing to place their dog on a lead when requested by an authorised officer.
6. A map of the public areas affected by the proposed PSPO can be found at **Appendix 1** and the specific detailed areas (schedules) can be found in the draft order at **Appendix 2**.
7. Exemptions are proposed for some of these rules for Disabled people who have a dog on which they rely for assistance.
8. We began research into dog related ASB and dog control issues in April of 2021. This involved using internal resources to look at complaints and reports as well as working with our external partners such as the Police and our Stray Dog service. This helped us conclude the extent of the issues. Research into other council's approaches showed that a PSPO was the best proposal to help reduce dog related ASB in the borough.

Petition

9. The petition to "Ensuring responsible dog ownership and ensuring dogs' essential needs are met" was submitted during the statutory consultation period, and therefore will be considered when deciding on the future of the PSPO as part of the statutory process.
10. The residents' petition request is as follows:

*"We the undersigned petition the council to Accurately Restrict Irresponsible Individuals Not Individuals' Dogs and the Dog Walking Industry, and to help promote responsible dog ownership via less punitive methods.
We have created this petition in response to Hammersmith and Fulham's intentions to:*

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- 1. Ban even good-natured dogs from entering certain areas.*
- 2. Enable officers to stop and search dog owners to prove they have poo bags.*
- 3. Enable officers untrained in canine behaviour to force dogs to be put on leads based on their behaviour.*
- 4. Enable officers to hand out £100 fines.*
- 5. To amend the number of dogs being allowed to be walked.*

We ask the council not to implement these new rules in the way they suggest but rather consider these amended terms:

- 1. We ask that the council does NOT bring in any orders that restrict well-behaved sociable dogs from enjoying time with their families in public spaces like picnic areas and sports fields.*

Dogs are social creatures and an important part of loving families and they must be able to join them. Further, some dogs suffer separation anxiety and need to be with their families.

- 2. We ask that the council address dog fouling by putting up an increased amount of dog poo bins with free bags on them, sponsored by pet businesses to meet the cost and we ask that dog owners and their dogs are not subjected to intimidating stop and search procedures to see if they have bags left on them.*

This is a much more helpful and less discriminatory way of stopping dog fouling.

- 3. Ensure that any officer given any such power to impose fines and restrictions based on a dog's behaviour be qualified as a level 4 or above in canine behaviourism.*

This is to ensure the safety of both the dog and the officer. Their role in the first instance should then be to advise irresponsible dog owners on how to improve safety, animal welfare and community harmony. This officer can additionally be given the power to enforce repeat offenders to pass a schedule of ongoing training and only a fine as a last resort for failure to comply.

- 4. We ask the council help to tackle the cause of poorly behaved dogs by erecting more dog pens for puppy socialization and adult training to help bring up well-behaved dogs in the borough from the start. We also ask that the council look for these to be sponsored by pet businesses to meet the cost.*

This will help with dog socialization which is key to a happy healthy dog.

- 5. We ask that the number of dogs allowed to be walked per person in larger parks above 100 acres such as big scrubs be 5 per person, but for one group there is a maximum of 8 between two persons; for example, we oppose 3*

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people walking 15 dogs but we support 1 trained individual walking 5 dogs in parks over 100 acres.

Dogs must be able to exercise off lead every day with their own kind to be well-behaved fulfilled dogs.

Making the number of dogs allowed to be walked 5 or 8 between two will help the average owner get their dog's essential daily needs met affordably and in daylight, by a skilled and thus responsible walker or trainer which would not be possible at a lower number.

This is to ensure responsible, skilled dog walkers and trainers want to continue to walk in the borough and are incentivised to become more skilled and thus ensure our borough has more fulfilled better-behaved dogs and so more harmony in the park. Reducing the number of dogs allowed to be walked will force skilled responsible walkers out of the business and thus only leave cheaper, unsafe & unskilled walkers as the only people who wish to remain walking.

Choosing the number of dogs as five or 8 between two will also allow dogs essential needs met with fewer vehicles taking fewer trips on the road.

6. We ask that the number of dogs allowed to be walked per person in smaller parks under 100 acres remain at 4 per person.

Please understand these requests and consider that a dog absolutely must be able to run off leash with groups of its own kind each day, in open spaces, in daylight and not be left longer than around 4hrs at home waiting for a walk. This considers that experienced walkers and trainers have the expertise to safely manage more dogs than the average person and that the existing dangerous dogs can prevent irresponsible walkers from continuing. Moreover, as social creatures, they will do all they can to seek out and be always with their people. (This means it does not work if Walkers 1 & 2 try to split their existing group by walking in different directions as the dogs ultimately get distressed and try to seek out the other walker and the rest of their group.)"

Reasons for decision

11. Under the Council's Petitions Scheme, a petition which attracts 250 valid signatures (of people who live, work or study in the borough) triggers consideration of the petition by Cabinet. This petition meets this criterion.
12. A formal decision has not been made regarding introducing the PSPO following the public consultation. Officers are currently analysing the findings of the consultation ahead of a formal decision being sought, via a Cabinet Member decision report, by the Cabinet Member for Social Inclusion and Community Safety.

Equality Implications

13. The Council should give due regard to its responsibilities under Section 149 of the Equality Act 2010 when considering the introduction of a new PSPO.
14. An Equality Impact Assessment ("EQIA") should be completed and submitted before a decision is made regarding the introduction of a PSPO. The relevant decision-maker must carefully consider the EQIA as applicable to the decision they are asked to approve.

Implications verified/completed by: Yvonne Okiyo, Strategic Lead Equity, Diversity and Inclusion, Yvonne.Okiyo@lbhf.gov.uk, 23/01/23.

Risk Management

15. As an authority, we must decide what's reasonable and what isn't, before we act. Everyone's perception of dog related behaviour is different and many residents are passionate about this topic. Consultation took place over what action should be taken and this is in accordance with meeting our residents and community needs and expectations. The proposed PSPO attempts to manage dog-related ASB, and risk of harm by dangerous or out of control dogs across the borough. During the consultation period a petition was raised which secured more than 250 signatures. As set out in the Legal implications section, the Cabinet Member must carefully consider the consultation responses when considering the decision report to approve a PSPO.

Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 20 January 2023

Climate and Ecological Emergency Implications

16. The proposed PSPO is intended to ensure our parks and open spaces remain a safe and pleasant place for visitors. The biodiversity of our parks and open spaces will be positively impacted as the PSPO seeks to protect wildlife conservation areas from harm and to reduce dog fouling.

Implications verified by: Hinesh Mehta, Head of Climate and Ecology, 20 January 2023.

Consultation:

17. Public consultation on the proposed PSPO took place for a period of 61 days, from the 16 November 2022 until 15 January 2023. The consultation was done through the council's 'Have Your Say' portal and was advertised online on the council's website, via community group such as Friends of Parks Groups, councillors, and ward panel meetings. Feedback and comments were also received via email which are being considered alongside the official consultation findings.

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18. The consultation received 856 responses.
19. It is specified within the legislation that before making a PSPO the council must consult with the chief of police for the area. The Community Safety Unit also consulted and worked closely with the Parks and Law Enforcement Team regarding the proposed PSPO.
20. The petition against the PSPO was submitted during the statutory consultation period and will therefore be considered as part of the statutory decision-making process.

LIST OF APPENDICES:

- 1. Appendix 1 - Map of Proposed areas and Restrictions**
- 2. Appendix 2 - Draft Order**
- 3. Appendix 3 – Consultation text**

Appendix 1:

Responsible Dog Ownership - Public Space Protection Order

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- [Brook Green](#)
- [Cathnor Park](#)
- [Eelbrook Common](#)
- [Furnivall Gardens](#)
- [Godolphin Road Open Space](#)
- [Hammersmith Park](#)
- [Hurlingham Park](#)
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- [South Park](#)
- [Wendell Park](#)
- [William Parnell Park](#)
- [Wormwood Scrubs](#)

Bishops Park including the Moat Gardens



Map showing Bishops Park with the dog free and dogs on leads zones outlined.

The dog free areas include: the area around the lake, splash pad and beach between Stevenage Road and the River Thames, the 2 sections south of the splash pad around the circular concreted area including the children's play area and the café, and the bowling greens and tennis courts adjacent to Bishop's Park Road.

Dogs on leads areas include: The walkway between the 2 sections to the north of the circular concreted area and the circular area and the 2 sections to the south of it including the skate park, basketball court and skate park. Dogs must also be kept on leads in the majority of Moat Gardens to the northeast of Bishop's Park with the exception of the dog area.

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Brook Green



Map showing Brook Green with the dog free and dogs on leads zones outlined.

The two dog free areas are in the centre of Brook Green and cover the tennis courts and children's play area.

The dogs on leads area is adjacent to the southern boundary of the tennis courts.

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Cathnor Park



Map showing Cathnor Park with the dog free and dogs on leads zones outlined.

There are three dog free areas in this park which are: the large expanse of amenity grass to the north of the park, the younger children's play area to the south-west of the park and the older children's climbing frame to the south of the site.

One area of the site is designated as dogs on leads. This area runs from the southern corner of the park in a north easterly direction adjacent to the boundary with Hammersmith Academy.

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Eelbrook Common



Map showing Eelbrook Common with the dog free zones outlined.

There are four dog free areas, they are: the two football pitches to the north of the site and the adjacent fenced picnic area, the tennis courts and children's playground opposite Favart Road and the fenced wildflower garden to the south of the Common.

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Furnivall Gardens



Map showing Furnivall Gardens with the dog free zone outlined.

The dog free area in Furnivall Gardens is in a central location of the park and covers the walled garden.

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Godolphin Road Open Space



Map showing Godolphin Road Open Space showing the dog free area.

This area covers the majority of the northern half of the space and includes the children's play area and wildlife pond.

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Hammersmith Park



Map showing Hammersmith Park with the dog free and dogs on leads zones outlined.

The three dog free areas are all in the north of the park. They are the 10 sports pitches, two tennis courts, basketball court and children's play area.

The dogs on leads zone encompasses the Japanese Garden which covers the majority of the southern half of the park and is encompassed by a circular path.

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Hurlingham Park



Map showing Hurlingham Park showing nine dog free areas.

The four to the west of the site cover the bowling green, the rose garden, the younger children's play area and the sports pitches. There is also a dog free area covering the tennis courts to the east of the children's play area and a multi-use games area.

On the eastern side of the park there are three further dog free areas that encompass the older children's adventure play equipment.

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Marcus Garvey Park



Map showing Marcus Garvey Park with the dog free and dogs on leads zones outlined.

There are two dog free areas, they are both to the east of the park and cover the children's play area and Multi Use Games Areas.

The dogs on leads areas encompass the older children's play area in the centre of the park and the Forest school area to the north-west of the site.

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Normand Park



Map showing Normand Park with the dog free and dogs on leads zones outlined.

The dog free zone is a large area in the centre of the park that covers the multi-use games area, Skate Park and children's play area.

In addition, there are three dogs on leads zones to the east of the park that cover the former bowling green, now the Tiny Forest and soon to be wildflower meadow and garden, the outdoor gym and the community garden.

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Ravenscourt Park



Map showing Ravenscourt Park with the dog free and dogs on leads zones outlined.

There are 13 dog free areas and two dogs on leads areas. To the north of the park the Dog Free areas include Ravenscourt Park North Playground, Wildlife Garden and the Walled Garden, the two fenced picnic areas adjacent to the east of the lake and the fenced area around the lake. To the west of the park the dog free areas are the tennis courts by Ravenscourt Square entrance and the sports pitches to the south-east of the tennis courts. To the east of the park on the Ravenscourt Road boundary the dog free areas are, Ravenscourt Park Bowls Club, the grassed picnic area and Ravenscourt Park South play area and the two sets of tennis courts. To the west of the tennis courts the other dog free area is the paddling pool, sandpit area and children's playground and to the very south of the park is a small circular flower bed and flagpole which is a dog free area.

The two dogs on leads areas are the space to the front of the entrance to the café and a linear wildlife space to the west of the football pitches.

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Shepherds Bush Green



Map showing Shepherds Bush Green with the dog free and dogs on leads zones outlined.

The two dog free areas are to the west of the site and encompass two areas of play equipment that are dissected by a main footpath.

The dogs on leads area is to the east of the site and covers the area around the war memorial.

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St Pauls Gardens



Map showing St Paul's Garden with the dog free and dogs on leads zones outlined.

The dog free area is a fenced picnic area to the rear of the adjacent hotel and restaurant.

The dogs on leads area south of the picnic area adjacent to More Close which is a wildlife area and Forest School location.

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South Park



Map showing South Park with the dog free and dogs on leads zones outlined.

There are eight dog free areas and three dogs on leads areas.

To the north of the park there is a dog free area covering the cricket pavilion and the two children's play areas. In the centre of the park the two sets of tennis courts are dog free areas as well as the cricket nets. In addition, there are three dog free areas to the south of the site the three netball courts and sprint track, the two basketball courts and the wildlife pond.

The dogs on leads zones are two areas in the north-west corner of the park incorporating the Sand End Arts and Community Centre and café patio area the

Community Market Garden and the soon to be outdoor gym on the eastern boundary of the park adjacent to the central tennis courts.

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Wendell Park



Map showing Wendell Park with the dog free and dogs on leads zones outlined.

The two dog free areas are the School Garden Zone to the north of the park adjacent to Cobbold Road and the Children's Play Area to the south-western corner of the park.

The dogs on leads area is a fenced picnic space in a central part of the park north of the play area.

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William Parnell Park



Map showing William Parnell Park with the two dog free and dogs on leads zones outlined.

The largest dog free area is to the west of the park and covers the younger children's play area. There is another dog free area in a central location within the park that covers the older children's play area.

The dogs on leads area in the northeast corner of the park encompasses the forest school area.

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Wormwood Scrubs



Map showing Wormwood Scrubs with the five dog free and five dogs on leads areas outlined.

The five dog free areas are the Hammersmith BMX track and the Linford Christie Stadium and associated sports pitches to the southeast of the site. The remaining three dog free areas are to the southwest of the Scrubs close to the Braybrook Street entrance. They are the two children's play areas - the areas being separated by an informal path and the multi-use games area adjacent to the Old Oak Community and Children's Centre.

The five dogs on leads areas include the central copse area and the horseshoe shaped copse both Forest School areas north of the two children's play areas, the outdoor gym area at the Braybrook Street entrance, the outdoor gym north of the Linford Christie stadium and Woodman's Mews Community Gardens to the southeast of the site next to the BMX track.

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Appendix 1:

Schedule 1 - Exclusion areas:

The following areas of land which are open to the air and to which the public are entitled or permitted to have access (with or without payment) within the London Borough of Hammersmith & Fulham —

- All children's play areas
- All fenced sporting areas
- All fenced war memorial areas
- All no dog areas within the following parks and open spaces.

These are clarified below:

- Wendell Park - School zone
- Cathnor Park – Dog exclusion zone
- Godolphin Road Open Space - Pond area
- Ravenscourt Park - Picnic area, walled garden, fenced area around the lake, & wildlife area
- Furnivall Gardens - Walled garden
- St Pauls Garden - Fenced picnic area
- Rowberry Mead Open Space
- Eel Brook Common - Fenced picnic area & fenced flower garden
- Bishops Park - Fenced picnic area & pond area
- Hurlingham Park - Rose garden
- All grounds of Fulham Palace
- South Park - Pond area

Schedule 2 - Dogs on Leads areas:

The following areas of land which are open to the air and to which the public are entitled or permitted to have access (with or without payment) within the London Borough of Hammersmith & Fulham —

- All cemeteries and churchyards under the administrative control of the London Borough of Hammersmith and Fulham. This includes those outside of the geographical boundaries of the borough shown below:
 - North Sheen Cemetery
 - Mortlake Cemetery
- All Wildlife Conservation Areas:
 - Wormwood Scrubs Wildlife Areas
 - Bishop's Park Wildlife Area
- All Café/Tea Houses
- All Outdoor Gyms
- The following areas within parks and open spaces:
 - Wormwood Scrubs - Forest schools
 - Hammersmith Park - Japanese garden
 - Wendell Park - Picnic area

- Cathnor Park - Forest school
- Shepherd's Bush Green – former toilet block area
- Brook Green - Picnic area
- St Pauls Garden - Forest school
- Marcus Garvey Area - Forest school
- Westcroft Square
- Bayonne Road Open Space
- Normand Park - Community garden & bowling green garden
- Frank Banfield Park - Community garden
- Bishops Park - Event area & moat garden
- Sir William Powell Almshouses
- Loris Gardens
- South Park - Community centre & market garden
- Vicarage Gardens
- William Parnell Park - Community garden

Schedule 3, 4, 5, & 6 - Dogs on leads as directed, Specified maximum, Fouling, Clean-up scoop and/or bag requirement areas:

All areas of land which are open to the air and to which the public are entitled or permitted to have access (with or without payment) within the London Borough of Hammersmith & Fulham.

Appendix 2 – Draft Order:

Public Spaces Protection Order

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Anti-Social Behaviour, Crime and Policing Act 2014

London Borough of Hammersmith & Fulham Responsible Dog Ownership

Public Spaces Protection Order 2022

The Council of the London Borough of Hammersmith & Fulham, in exercise of its powers under sections [59](#) and [72](#) of the Anti-social Behaviour, Crime and Policing Act 2014 ("the Act") and all other enabling powers, hereby makes the following order:

1. This Order comes into force on **“** and ends on **“** unless extended by further Orders under the Council's statutory powers.
2. This Order applies to the public spaces described in the Schedules to this Order ("the restricted areas").
3. The Council is satisfied that the two conditions below have been met, in that -
 - i. activities carried on in the restricted area as described below have had a detrimental effect on the quality of life of those in the locality, or it is likely that these activities will be carried on in the public place and they will have such an effect;
 - ii. the effect, or likely effect, of the activities is, or is likely to be, of a persistent or continuing nature, is, or is likely to be, such as to make the activities unreasonable, and justifies the restrictions imposed by the Order.
4. The effect of the Order is to impose the following prohibitions and/or requirements in the restricted areas at all times:

I. EXCLUSION

(1) A person in charge of a dog is prohibited from taking that dog onto, or permitting the dog to enter or to remain on land within the restricted area referred to in **Schedule 1** of this Order unless -

- (a) that person has a reasonable excuse for failing to do so; or
- (b) the owner, occupier or other person or authority having control of the land has consented (generally or specifically) to that person failing to do so; or
- (c) is subject to the exemptions listed in **Schedule 1**.

(2) For the purposes of this article —

A person who habitually has a dog in their possession is taken to be in charge of the dog at any time unless at that time some other person is in charge of the dog.

II. LEADS

- (1) A person in charge of a dog, at any time, must keep the dog on a lead in the restricted area detailed in **Schedule 2** of this Order unless –
- a) that person has a reasonable excuse for failing to do so; or
 - b) the owner, occupier or other person or authority having control of the land has consented (generally or specifically) to that person failing to do so.
- (2) For the purposes of this article —

a person who habitually has a dog in their possession is taken to be in charge of the dog at any time unless at that time some other person is in charge of the dog.

III. DOGS ON LEADS AS DIRECTED

- (1) A person in charge of a dog, at any time, must put and keep the dog on a lead when directed to do so in the restricted area detailed in **Schedule 3** of this Order unless –
- a) that person has a reasonable excuse for failing to do so; or
 - b) the owner, occupier or other person or authority having control of the land has consented (generally or specifically) to that person failing to do so.
- (2) For the purposes of this article —

- (i) a person who habitually has a dog in their possession is taken to be in charge of the dog at any time unless at that time some other person is in charge of the dog;
- (ii) An authorised officer of the Authority may only give a direction under this article to put and keep a dog on a lead if such restraint is reasonably necessary to prevent a nuisance or behaviour by the dog likely to cause annoyance or disturbance to any other person or the worrying or disturbance of any other animal or bird on any land to which this article applies.

IV. SPECIFIED MAXIMUM

- (1) A person in charge of more than one dog, at any time, must not take more than “” dogs in the restricted area detailed in **Schedule 4** of this Order unless –
- a) that person has a reasonable excuse for failing to do so; or
 - b) the owner, occupier or other person or authority having control of the land has consented (generally or specifically) to that person failing to do so.
- (2) For the purposes of this article —

a person who habitually has a dog in their possession is taken to be in charge of the dog at any time unless at that time some other person is in charge of the dog.

V. FOULING

(1) If a dog defecates at any time on land in the restricted area detailed in **Schedule 5** of this Order and the person who is in charge of the dog at the time fails to remove the faeces from the land forthwith, that person shall be guilty of an offence unless –

- a. that person has a reasonable excuse for failing doing so; or
- b. the owner, occupier or other person or authority having control of the land has consented (generally or specifically) to that person failing to do so; or
- c. is subject to the exemptions listed in Schedule 5.

(2) For the purposes of this article —

a person who habitually has a dog in their possession is taken to be in charge of the dog at any time unless at that time some other person is in charge of the dog.

VI. CLEAN-UP SCOOP and/or BAG REQUIREMENT

(1) A person in charge of a dog, at any time, must be able to produce a poop scoop and/or disposable bags which would be used to remove the faeces from the land on the request of an authorised officer and do so in the restricted area detailed in **Schedule 6** of this Order unless –

- a) that person has a reasonable excuse for failing to do so; or
- b) the owner, occupier or other person or authority having control of the land has consented (generally or specifically) to that person failing to do so.

Penalty

Any person who fails without reasonable excuse to comply with any of the requirements or prohibitions at Articles 4 (i), (ii), (iii), (iv) and (v) in this Order shall be liable on summary conviction to a fine not exceeding level 3 (currently £1,000) on the standard scale.

Fixed Penalty

Police Officers, Police Community Support Officers, the council's Law Enforcement Officers and other authorised personnel can issue Fixed Penalty Notices (FPNs) to people who continue to break these rules. A person committing an offence will have 14 days to pay the fixed penalty of £100 (or £60 if paid within 7 days), failing which they may be prosecuted.

Appeals

Any challenge to this Order must be made at the High Court by an interested person within 6 weeks of it being made. An interested person is someone who lives in, regularly works in or visits the restricted area. This means that only those who are directly affected by the restrictions have the right to challenge. The right to challenge also exists where an order is varied by the Council.

Interested persons can challenge the validity of the Order on two grounds: that the Council did not have the power to make the Order or to include particular prohibitions or requirements; or that one of the requirements of the legislation, for instance consultation, has not been complied with.

When an application is made, the High Court can decide to suspend the operation Of the Order pending the Court's decision, in part or in whole. The High Court can uphold, quash or vary the Order.

Exemptions:

Nothing in Schedule 1, 5 & 6 applies to a Disabled person who uses a dog in which they rely upon for assistance.

Dogs preferably should be trained by a member of Assistance Dogs UK or any other registered charity whose activities include the training of assistance dogs.

Some member organisations can be found here: [Find an Assistance Dog Charity - ADUK \(assistedogs.org.uk\)](https://www.assistedogs.org.uk)

Restricted Areas:

SCHEDULE 1

The following areas of land which are open to the air and to which the public are entitled or permitted to have access (with or without payment) within the London Borough of Hammersmith & Fulham —

- All children's play areas
- All fenced sporting areas
- All fenced war memorial areas
- All no dog areas within the following parks and open spaces.

These are clarified below:

- Wendell Park - School zone
- Cathnor Park – Dog exclusion zone
- Godolphin Road Open Space - Pond area
- Ravenscourt Park - Picnic area, walled garden, fenced area around the lake, & wildlife area
- Furnivall Gardens - Walled garden
- St Pauls Garden - Fenced picnic area
- Rowberry Mead Open Space
- Eel Brook Common - Fenced picnic area & fenced flower garden
- Bishops Park - Fenced picnic area & pond area
- Hurlingham Park - Rose garden
- All grounds of Fulham Palace
- South Park - Pond area

SCHEDULE 2

The following areas of land which are open to the air and to which the public are entitled or permitted to have access (with or without payment) within the London Borough of Hammersmith & Fulham —

- All cemeteries and churchyards under the administrative control of the London Borough of Hammersmith and Fulham. This includes those outside of the geographical boundaries of the borough shown below:
 - North Sheen Cemetery
 - Mortlake Cemetery
- All Wildlife Conservation Areas:
 - Wormwood Scrubs Wildlife Areas
 - Bishop's Park Wildlife Area
- All Café/Tea Houses
- All Outdoor Gyms
- The following areas within parks and open spaces:

- Wormwood Scrubs - Forest schools
- Hammersmith Park - Japanese garden
- Wendell Park - Picnic area
- Cathnor Park - Forest school
- Shepherd's Bush Green – former toilet block area
- Brook Green - Picnic area
- St Pauls Garden - Forest school
- Marcus Garvey Area - Forest school
- Westcroft Square
- Bayonne Road Open Space
- Normand Park - Community garden & bowling green garden
- Frank Banfield Park - Community garden
- Bishops Park - Event area & moat garden
- Sir William Powell Almshouses
- Loris Gardens
- South Park - Community centre & market garden
- Vicarage Gardens
- William Parnell Park - Community garden

SCHEDULE 3

All areas of land which are open to the air and to which the public are entitled or permitted to have access (with or without payment) within the London Borough of Hammersmith & Fulham.

SCHEDULE 4

All areas of land which are open to the air and to which the public are entitled or permitted to have access (with or without payment) within the London Borough of Hammersmith & Fulham.

SCHEDULE 5

All areas of land which are open to the air and to which the public are entitled or permitted to have access (with or without payment) within the London Borough of Hammersmith & Fulham.

SCHEDULE 6

All areas of land which are open to the air and to which the public are entitled or permitted to have access (with or without payment) within the London Borough of Hammersmith & Fulham.

Appendix 3 – Consultation text

To help keep our parks safe and pleasant for all we're consulting on whether we should introduce certain rules around dogs in our parks and open spaces.

PSPOs are aimed at ensuring public spaces can be enjoyed free from anti-social behaviour. They are not about stopping the responsible use of public spaces - but they do provide councils with a tool to tackle persistent issues that are damaging their communities.

The vast majority of dog owners act responsibly and keep their dogs under control. However, the council continues to receive concerns from residents about the behaviour of some dogs and irresponsible dog owners.

In response to this, the council is launching a consultation to ask residents their opinions about a variety of dog control related issues. The feedback from the consultation will help to shape and inform whether the council introduces a dog control public space protection order (PSPO). In our consultation we have proposed a number of potential prohibitions which have been designed to be as simple as possible, giving clarity and outlining expectations. Assistance dog users may be exempt from such prohibitions and we welcome their input on this matter.

We want to ensure that well behaved dogs can be walked or exercised freely off lead in all large parks. Therefore the majority of our parks and open space have areas where a dog is able to exercise freely off a lead. This promotes healthy exercise for dogs and takes into consideration the needs of the borough's dog owners and the welfare of dogs.

The council are proposing a Dog Control PSPO which will cover:

1. A 'dog exclusion' order, which would enable authorised officers to stop dogs from entering certain areas including children's playgrounds, sports courts, multi-use games areas and marked pitches (where games are in-play) and dog free areas in parks.
2. A 'dogs on leads' order, which would enable authorised officers to stop people from exercising dogs off-leads in certain areas, such as wildlife conservation areas and cemeteries.
3. A 'dogs on leads by direction' order, which would grant authorised officers the power to request that dogs be put on leads where they are not under the appropriate control of their owner, or where they are causing damage or acting aggressively.
4. A 'specified maximum' order, which would enable authorised officers to issue penalties to those walking more than the maximum number of dogs at any one time.
5. A 'dog fouling' order which would enable authorised officers to fine those that do not clean up after their dog.
6. A 'poop scoop and/or disposable bag' order, this would enable authorised officers to ask dog walkers to produce a clean-up bag which would be used to remove the faeces from the land on request.

How would the PSPO be enforced?

If the person in charge of a dog fails to comply with the requirements of the order, following a warning from an authorised council or police officer, they will be issued with £100 Fixed Penalty Notice. The offender will be taken to court if the fine is not paid within the specified timeframe. A person guilty of an offence is liable on summary conviction to a fine unless:

1. They have the consent from the owner, occupier or person in charge of the land, not to comply with the order
2. They have a reasonable excuse for failing to comply, or
3. They fall within one of the other exemptions within the order

How long would the PSPO last for?

We are proposing that the PSPO lasts for three years at which point we would decide whether to renew it in consultation with residents.

Have your say and what happens next?

We are currently reviewing our rules around dog control and would like to hear your views on any aspects of the PSPO we are proposing.

We want to ensure that the PSPO is proportionate and so we are asking for your feedback to see whether you think these restrictions are needed.

Consultation Questions:

Q No.	Question	Answer Options
P1.	What is your name?	
P2.	What is your email address?	
P3.	Do you live or work in Hammersmith and Fulham?	<ul style="list-style-type: none">• I live in the area• I work in the area• I live and work in the area
P4.	If you neither work or live in Hammersmith & Fulham, how often do you visit the borough?	<ul style="list-style-type: none">• More than 4 times a week• 1-3 times per week• 1 time in the last month• 1 time 3-6 months• Not within the last year• N/A
1.	Are you a dog owner?	<ul style="list-style-type: none">• Yes (go to 1a)• No

		<ul style="list-style-type: none"> • Previously owned a dog (go to 1a) • Thinking of getting a dog
1a.	<p>Are you/were you an assistance dog user?</p> <p>An assistance dog is trained to support disabled people and people with medical conditions in a variety of ways.</p>	<ul style="list-style-type: none"> • Yes • No
2.	To what extent do you feel dog fouling is an issue in H&F?	<ul style="list-style-type: none"> • 10 being a large problem • 1 being not a problem
3.	To what extent do you feel dogs being out of control of their owners is a problem in H&F?	<ul style="list-style-type: none"> • 10 being a large problem • 1 being not a problem
4.	<p>Do you support the introduction of a new order introducing 'dog exclusion' areas?</p> <p><i>Dog exclusion areas are areas of our parks where dogs will not be allowed to enter.</i></p> <p><i>We are proposing the following dog exclusion areas:</i></p> <ul style="list-style-type: none"> • All children's play areas • All fenced sporting areas • All fenced war memorial areas • All no dog areas within the following parks and open spaces. <ul style="list-style-type: none"> - Wendell Park - School zone - Cathnor Park - Picnic area - Godolophin Road Open Space - Pond area - Ravenscourt Park - Picnic area, Walled garden, 	<ul style="list-style-type: none"> • Yes • Maybe • No • Unsure

	<p><i>Fenced area around the lake, & Wildlife area</i></p> <ul style="list-style-type: none"> - <i>Furnivall Gardens - Walled Garden</i> - <i>St Pauls Garden - Fenced picnic area</i> - <i>Rowberry Mead Open Space</i> - <i>Eel Brook Common - Fenced picnic area & Fenced flower garden</i> - <i>Bishops Park - Fenced picnic area & pond area</i> - <i>Hurlingham Park - Rose garden</i> - <i>All grounds of Fulham Palace</i> - <i>South Park - Pond area</i> 	
4a.	If maybe, no, or unsure, why?	<ul style="list-style-type: none"> - I think the proposed rule is too strict and isn't proportionate to the issue - I want somewhere else to be included (free text box for elaboration) - I want somewhere to be excluded (free text box for elaboration) - I don't believe the proposed rule goes far enough to tackle this issue - Other (free text box for elaboration)
5.	<p>Do you support the introduction of a new order introducing 'dogs on leads only' areas?</p> <p><i>'Dogs on leads only' areas are areas of our parks where dogs must be on a lead.</i></p> <p><i>We are proposing the following 'dogs on lead only' areas:</i></p>	<ul style="list-style-type: none"> • Yes • Maybe • No • Unsure

	<ul style="list-style-type: none"> • <i>All cemeteries and churchyards under the administrative control of H&F (including North Sheen Cemetery and Mortlake Cemetery)</i> • <i>All Wildlife Conservation Areas:</i> <ul style="list-style-type: none"> - <i>Wormwood Scrubs Wildlife Areas</i> - <i>Bishop's Park Wildlife Area</i> • <i>All Café/Tea Houses</i> • <i>All Outdoor Gyms</i> • <i>The following areas within parks and open spaces:</i> <ul style="list-style-type: none"> - <i>Wormwood Scrubs - Forest Schools</i> - <i>Hammersmith Park - Japanese Garden</i> - <i>Wendell Park - Picnic area</i> - <i>Cathnor Park - Forest School</i> - <i>Shepherd's Bush Green - former toilet block area</i> - <i>Brook Green - Picnic area</i> - <i>St Pauls Garden - Forest School</i> - <i>Marcus Garvey Area - Forest School</i> - <i>Westcroft Square</i> - <i>Bayonne Road Open Space</i> - <i>Normand Park - Community garden & bowling green garden</i> - <i>Frank Banfield Park - Community garden</i> - <i>Bishops Park - Event area & moat garden</i> - <i>Sir William Powell Almshouses</i> - <i>Loris Gardens</i> - <i>South Park - Community centre & market garden</i> - <i>Vicarage Gardens</i> - <i>William Parnell Park - Community garden</i> 	
5a.	If maybe, no, or unsure, why?	<ul style="list-style-type: none"> - I think the proposed rule is too strict and isn't proportionate to the issue

		<ul style="list-style-type: none"> - I want somewhere else to be included (free text box for elaboration) - I want somewhere to be excluded (free text box for elaboration) - I don't believe the proposed rule goes far enough to tackle this issue - Other (free text box for elaboration)
6.	<p>Do you support the introduction of a new order regarding 'dogs on leads by direction'?</p> <p><i>This order will grant authorised officers the power to request that dogs be put on leads where they are not under the appropriate control of their owner, or where they are causing damage or acting aggressively.</i></p> <p><i>Officers would have the power to request this in all public areas in H&F.</i></p>	<ul style="list-style-type: none"> • Yes • Maybe • No • Unsure
6a.	If maybe, no, or unsure, why?	<ul style="list-style-type: none"> - I think the proposed rule is too strict and isn't proportionate to the issue - I don't believe the proposed rule goes far enough to tackle this issue - Other (free text box for elaboration)
7.	<p>Do you support the introduction of a new order regarding the specified maximum of dogs that someone is responsible for?</p> <p><i>This order will introduce a rule which means that only a certain number of dogs can be walked by any one person, at any one time. Officers could issue fines to anyone walking more than the specified maximum.</i></p>	<ul style="list-style-type: none"> • Yes • Maybe • No • Unsure

	<i>This would apply in all public areas in H&F.</i>	
7a.	If maybe, no, or unsure, why?	<ul style="list-style-type: none"> - I think the proposed rule is too strict and isn't proportionate to the issue - I don't believe the proposed rule goes far enough to tackle this issue - Other (free text box for elaboration)
7b.	<p>How many dogs do you feel can be safely walked at any one time?</p> <p><i>Your answer to this will inform the specified maximum number of dogs referenced in question 7.</i></p>	<p>Drop down numbers 1-5.</p> <p>Other option (free text box).</p>
8.	<p>Do you support the introduction of the new order regarding dog fouling?</p> <p><i>This order will grant authorised officers the power to issue a Fixed Penalty Notice (FPN) to anyone walking a dog who allows the dog to foul.</i></p> <p><i>Officers would have this power in all public areas in H&F.</i></p>	<ul style="list-style-type: none"> • Yes • Maybe • No • Unsure
8a..	If maybe, no, or unsure, why?	<ul style="list-style-type: none"> - I think the proposed rule is too strict and isn't proportionate to the issue - I don't believe the proposed rule goes far enough to tackle this issue - Other (free text box for elaboration)I don't believe the proposed rules go far enough to tackle these issues.
9..	Do you support the introduction of the new order regarding poop scoop and/or disposable bags?	<ul style="list-style-type: none"> • Yes • Maybe • No • Unsure

	<p><i>This order will grant authorised officers the power to issue a Fixed Penalty Notice (FPN) to anyone walking a dog who is not carrying a poop scoop and/or disposable bags.</i></p> <p><i>Officers would have this power in all public areas in H&F.</i></p>	
9a.	If maybe, no, or unsure, why?	<ul style="list-style-type: none"> - I think the proposed rule is too strict and isn't proportionate to the issue - I don't believe the proposed rule goes far enough to tackle this issue - Other (free text box for elaboration)
10.	Overall, do you support the introduction of a new responsible dog ownership PSPO?	<ul style="list-style-type: none"> • Yes • Maybe • No • Unsure
10a.	If maybe, no, or unsure, why?	<ul style="list-style-type: none"> - I think the proposed rules are too strict and aren't proportionate to the issue - I want something/somewhere else to be included (free text box for elaboration) - I want something/somewhere to be excluded (free text box for elaboration) - I don't believe the proposed rules go far enough to tackle these issues

CLOSING TEXT

Thank you for taking the time to complete the survey.

The results will help us to influence the new PSPO in Hammersmith & Fulham. The final decision will be published on the council website.

You can now close your browser.

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 06/02/2023

Subject: The Housing Revenue Account (HRA) Budget And Rents/Service Charges For 2023/24

Report of: Councillor Frances Umeh, Cabinet Member for Housing and Homelessness
Councillor Rowan Ree, Cabinet Member for Finance and Reform

Responsible Director: Jon Pickstone, Strategic Director for Economy
Sukvinder Kalsi, Director of Finance

Summary

The current strategic service and financial operating environment for the Council's housing service is extremely challenging. We are aiming to increase the provision of social and affordable housing with a commitment to build new homes within the next few years, investing more than £700m in existing homes over 12 years, improve the services available to residents, make necessary improvements to building standards and safety, and strengthen resident engagement.

The continuing national economic conditions of high inflation and interest rates (the Consumer Price Index rose by 10.5% in the year to December and the Bank of England base rate was increased to a 14-year high in December of 3.5%) are also presenting many significant challenges (this is increasing our costs for delivering services, increasing pressure on rent collection as household incomes reduce, making our investment plans more expensive and increasing the demand for housing services).

This report sets out the Housing Revenue Account (HRA) budget proposals for the financial year 2023/24 including changes to rent levels and other charges and these are intended to:

- preserve the delivery of housing services valued by our tenants
- ensure the continued delivery of key housing priorities (building more homes, investing in existing homes and improving day-to-day services)
- provide resources to deal with some immediate pressures on disrepair, damp and mould
- provide additional capital investment to improve the energy efficiency of the housing stock
- maintain the financial resilience of the HRA (and thus the continued provision of services in the future).

As well as the cost pressures on the HRA, the Council must take into account the impact of increased charges on tenants during this cost-of-living crisis. With prices

and bills rising dramatically, and the national economic environment becoming increasingly difficult, the Council must balance investment in this ring-fenced account with residents' ability to pay higher prices.

The Government has introduced a cap of 7% on the amount by which councils can increase rents. The Council will optimise the financial position for the HRA in 2023/24 and rents will be increased by 4.4%. Additional investment (including one-off growth) of £3.4m is planned to support improvements in customer services, the management of disrepair, damp and mould and supporting tenants through an annual visits programme.

The Council has worked hard to keep rents and service charges as low as possible over the past decade and this strategy will continue to ensure that ours remain some of the lowest cost homes in London and provide value for money to residents.

The 40-year HRA business plan is being updated and reviewed. This will be reported in detail to the Cabinet during 2023/24 and will set out the medium-term financial position on the HRA.

RECOMMENDATIONS

That Cabinet agrees:

1. To approve the Housing Revenue Account 2023/24 budget for council homes as set out in Table 1.
2. To approve £1.1m of ongoing annual revenue savings (when compared to the 2022/23 base budget) per annum from 2023/24.
3. To approve a rent increase of 4.4% from 3 April 2023, which equates to an average weekly increase for tenants of £5.20 in 2023/24.
4. To approve an increase to shared ownership rents of 7% from 3 April 2023.
5. To approve changes to tenant service charges to reflect the costs of providing communal services from 3 April 2023, which equate to an average weekly increase for tenants of 95p in 2023/24.
6. To approve an increase to charges for heating and hot water to reflect the costs of provision of the district heating service from 3 April 2023, which equate to an average weekly increase for tenants and leaseholders on the scheme of £2.75 (communal heating), £10.90 (tenants' personal heating) and £13.78 (leaseholders' personal heating) in 2023/24.
7. To approve an increase to the management fee for temporary on licence properties of 7% from 3 April 2023.
8. To approve an increase to the rent and service charges for hostels of 7% from 3 April 2023.

9. To increase garage charges for council tenants, resident leaseholders, and for other customers from April 2023 by 7%.
10. To note that any change to parking charges on housing estates will be considered separately with the Council's parking plans.
11. To increase car space rental charges for all customers by 7% from April 2023.
12. To approve an increase in the Leasehold After Sale – Home Buy Fees by 7% from April 2023 from £203 to £217.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The HRA budget supports the 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 budget supports 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 budget supports enabling continued investment in resident engagement and involvement. The resident involvement strategy sets out the approach that will be adopted. The HRA budget 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 budget funds investment 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	The significantly expanded compliance-based capital programme is factored in to the HRA budget. 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	Housing accounts for around 75% of the organisation's direct operational CO2 emissions. Given this, a retrofit strategy, in conjunction with other areas of the Council, is being formulated that outlines a path to zero carbon emissions. Substantial investment will be required to achieve this. Retrofit has been aligned with the capital programme and work is expected to commence on projects in early 2023. Grant funding of £6m has been applied for from the Government's Social Housing Decarbonisation Fund to support this.

Financial Impact

The report is predominantly of a financial nature and therefore the impact is contained within the body of the report.

Name: Danny Rochford

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Verified by: Sukvinder Kalsi, Director of Finance, 26 January 2023

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 this 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 in January and at the Housing and Homelessness Policy and Accountability Committee on the 23 January 2023. 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.

Name: Afshan Ali-Syed

Position: Senior Solicitor (Property and Planning)

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Date completed 24 November 2022

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background

1. The Housing Revenue Account (HRA) only contains 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. The provision of social and affordable housing is one of the key services the Council provides to residents and the Building Homes and

Communities Programme is intended to increase the supply of new homes to meet the expected demand for homes.

HRA Financial Strategy

2. The HRA's strategic financial objectives are:

- To finance 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 prudent balance for the HRA general reserves.

Budget Overview

3. In summary, the base budget deficit of £4.1m on the HRA in 2022/23 has been reduced to £1.4m in 2023/24 (and this will be funded from reserves pending a more fundamental review of the HRA Business Plan in 2023/24).
4. The HRA 2023/24 budget (see Table 1 below) has been updated to take into account national policy changes (on rents) and other fiscal pressures. These are set out below:
 - a. the Government recently consulted local authorities on options for a rent cap of 3%, 5% and 7% for a potential 2 year period from 2023/24. The Chancellor announced on the 17 November that a rent cap of 7% would be imposed by the Government for 2023/24 on the maximum permissible rent increase. The previous policy was based on social housing rents increasing by Consumer Price Inflation (CPI) + 1% each year based on the previous September's CPI. This was intended to be the policy until 2024/25.
 - b. the recent levels of Consumer Price Inflation (exceeding 11% in October) are resulting in real pressures especially with the limitations on rent. These additional cost pressures are estimated to be £2.3m in 2023/24. The revised budget now assumes cost increases based on CPI of up to 10%, up from last year's assumption of 2%. In addition, it has been necessary to make additional provision for pay awards from April 2023 (estimated at £1.0m in total).

- c. an increase in interest rates, together with an increase in borrowing to support the compliance-based capital programme, is expected to result in a significant increase in debt servicing costs for 2023/24 of £3.0m.
- d. additional investment (including one-off growth) of £3.4m is planned primarily to support improvements in customer services, the management of damp and mould issues, disrepair and health and safety and supporting tenants through an annual visits programme
5. To offset some of these new pressures, a programme of pipeline savings of £1.1m will be delivered through initiatives including the Housing Transformation Programme (see Appendix 1) to avoid a further draw on reserves.

Table 1: HRA Budget 2022/23 and 2023/24

Division	Revised Budget 22/23	Movement between years	Proposed Budget 23/24
	£m	£m	£m
Gross Dwelling Rents	(72,192)	(5,525)	(77,717)
Income loss due to voids	1,427	331	1,758
Net dwelling rents	(70,765)	(5,194)	(75,959)
Tenant & Leaseholder Service Charge	(11,299)	(3,476)	(14,775)
Other Income	(2,328)	(400)	(2,728)
Housing Income	(84,392)	(9,070)	(93,462)
Residents and Buildings Safety	8,740	305	9,045
Void & Repairs	10,412	1,067	11,479
DLO (H&F Maintenance)	3,061	72	3,133
Housing Management	6,365	602	6,967
Place	10,620	701	11,321
Operations	3,945	435	4,380
Regeneration & Development	882	(126)	756
Safer Neighbourhoods	723	16	739
Finance & Resources	10,305	1,514	11,819
Capital Charges	26,205	2,954	29,159
Corporate Support Service Recharges	7,184	36	7,220
Pipeline savings	0	(1,130)	(1,130)
Expenditure	88,442	6,446	94,888
Annual Deficit	4,050	(2,624)	1,426
Use of Reserves	(4,050)	2,624	(1,426)

6. The table below summarises the key changes in the budget between 2022/23 and 2023/24:

Table 2: HRA Budget – Major movements between 2022/23 - 2023/24

Item	Budget Movements
	£000s
Additional Rent Income	(5,525)
Additional Service Charge Income	(3,476)
Pay inflation (5%)	1,018
Contracted services indexation (average of 7%)	1,139
Growth (repairs, annual visits, income loss on voids)	1,202
Depreciation and Interest	2,953
Allowance for additional inflationary pressures	1,195
Pipeline Savings	(1,130)
Total movement	(2,624)

Rent Trends

7. The Council has maintained a policy of minimising rent increases whilst protecting resources to deliver the essential housing services including health and safety. The annualised increase for 2022/23 was 3.1% (below the cap of 4.1%).
8. The rent increase will be limited to 4.4% from April 2023 (compared to the cap of 7%). The income that will be generated will not fully offset the inflationary cost pressures of more than 11%.
9. Of the 11,655 current tenancies, the rent increases for at least 5,290 (45%) of these will be covered either wholly or partially by housing benefit or universal credit.
10. The average rent for our Council homes 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. The rent proposals for 2023/24 are necessary to protect the long-term financial resilience of the HRA. Some option modelling has been completed and for exemplification, the income from every 1% is estimated at £0.8m (this is the amount that would be foregone for every 1% below the proposed 4.4%). This would require major service changes in order to protect the HRA balances (see below).

Tenant Service Charges

12. On 10 October 2022, Cabinet approved a change in policy from fixed to variable service charges. This means that the actual costs incurred by the Council in providing communal services can be fully recovered and that tenants and leaseholders pay a fair proportion of those costs. The table below sets out the different charges and the increases from 3 April 2022:

Table 3: HRA Tenant Service Charges 2023/24

Tenant Service Charge	Average Charge 22/23	Average Charge 23/24	Change
	£ pw	£ pw	£ pw
Caretaking	5.62	6.20	0.58
Grounds Maintenance	1.45	1.58	0.13
Concierge	7.46	8.60	1.14
Door Entry	0.72	0.55	-0.17
Lift Maintenance	7.10	7.85	0.75
TV Aerials	0.23	0.19	-0.04
Communal Lighting	2.88	2.88	0.00
All (excluding HHW)	13.65	14.60	0.95
Heating and Hot Water (HHW)			
Communal HHW	2.65	5.40	2.75
Personal HHW	10.48	21.38	10.90

13. The details of 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 3.

Repairs

14. The Council is taking action to improve outcomes for residents who need repairs to their homes. As stated above in paragraph 4, we are spending £3.4m on improving customer service and the management of disrepair as well as damp and mould supported via an annual visits programme.
15. We are investing more than £700m over 12 years (over £1m a week) for major improvement work to existing homes as well as supporting the energy efficiency programme. This programme is important for de-carbonising the housing stock and reducing energy costs in the future, helping to tackle fuel poverty.
16. This includes works such as replacement of windows and roofs to ensure good property standards, with work outlined for homes at Becklow and Emlyn Gardens, West Kensington and Gibbs Green estates, Linacre and White City estate and at least 100 street properties.

Affordable housing

17. There is a national shortage of affordable housing and H&F has some of the most expensive property in the country, making it especially difficult for H&F residents to get on to the property ladder. With more than 12,000 tenanted homes (about 14% of all homes in LBHF) providing housing to an estimated 30,000 residents, housing is one of the Council's key services.

18. The Council has an ambition to build 3,000 new energy efficient affordable homes within the next few years. The Council is currently directly delivering more than 950 homes on 13 sites which are expected to be completed within the next seven years at a cost of £500m. This accommodates 8,500 square metres of re-provision facilities including schools, nurseries, community halls and hubs. This includes sites such as Education City (132 homes all of which are affordable), Hartopp and Lannoy (134 new homes of which 112 are affordable), White City Central (268 new homes of which 134 are affordable plus a new nursery and community centre), Farm Lane (31 new homes of which 16 are affordable) and Lillie Road (42 new homes of which 21 are affordable plus a new community hall).
19. The Council has also partnered with housing associations to deliver 692 homes across 6 sites. Already built are 45 new homes on the Lavender Court site, 30 new homes in the Mo Mowlam House scheme, as well as 14 homes in Emlyn Gardens. In addition, 204 homes will be built as part of the new Civic Campus project (of which 105 will be affordable), another 266 homes at the Watermeadow Court project (half of which will be affordable), and all 133 homes in the Edith Summerskill House project will be affordable.

Greening housing stock

20. Housing accounts for around 75% of the Council's direct operational CO2 emissions and the cost of living means energy efficiency is more important than ever. The Council plans to spend £77m over the next five years. These funds will deliver retrofit projects, providing residents with affordably-heated and well-adapted homes that are cost and energy efficient and have net zero carbon impact.

Reserves

21. Two types of reserves are held within the HRA: general reserves and earmarked reserves.
22. **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.
23. The HRA general reserve as at 31 March 2022 was £15.6m. A further planned drawdown (£5.3m) in 2022/23¹ is expected to reduce the balance to c. £10.3m; equivalent to one and a half months of HRA gross revenue expenditure.
24. In 2023/24, the General Reserve is expected to be depleted by a further £3.6m (see table below).

¹ Based on the projection included in the Corporate Revenue Monitor for month 6

Table 4: HRA General Reserves 2022/23 & 2023/24

	£m
General Reserve b/f (1 April 22)	(15.6)
Withdrawal from HRA General Reserve	4.1
Forecast overspend at CRM 6 (see paragraph 25)	1.2
General Reserve c/f (31 March 23)	(10.3)
Use of Reserve 23/24 – structural deficit	1.4
Use of Reserve 23/24 – temporary actions (damp & mould, disrepairs compensation, decants, customer service)	2.2
General Reserve c/f (31 March 24)	(6.7)

25. It is currently forecast that there will be an overspend of £1.2m in 2022/23. The position is being monitored continuously and the next formal report to Cabinet will be at Month 9 (expected at Cabinet in March 2023). There are some indications that the overspend may increase (by circa £2m) and this will have to be funded from the reserves (thereby reducing these further compared to the £10.3m projected at the end of March 2023).
26. **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 £8.1m as at 31 March 2022. 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.

Risks

27. The HRA faces multiple financial risks including those arising from the Government's programme of Welfare Reform which 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 2023/24 at £0.8m.
28. 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 2 years), there is a risk that costs are in excess of those in the proposed budget for 2023/24 and in the longer term.
29. In addition to these risks above, there are several other financial risks. These are set out in detail in Appendix 2.

Reasons for Decision

30. 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

31. The provision of social housing is important for the residents, who include the most disadvantaged and economically vulnerable members of society, including many with protected characteristics. Tenants will be supported by the Council to maximise entitlement to financial welfare benefits and it is estimated that around 50% will be able to cover these additional costs through Housing Benefit and Universal Credit.
32. People with protected characteristics, including age, disability, gender, race and pregnancy are likely to be disproportionately affected by any measure that impacts on low-income families just above the level of eligibility for mainstream benefits. It is not possible or appropriate to set rent or service charges for tenants or leaseholders on the basis of protected characteristics. We will work to identify and support those struggling to make ends meet, and this help will benefit those protected groups who are overrepresented within low-income families just above the level of eligibility to benefits. The available help includes the provision of support with money management, debt and arrears, flexible payment plans for service charges and referral to the wider and developing range of services that are available to help with wider related issues such fuel and food poverty and the cost of living crisis.
33. Rent increases will impact the household finances of tenants and leaseholders on low pay. However, the significant levels of inflation, when combined with the other challenges to balancing the HRA, has necessitated the changes proposed in this report. The need to ensure the HRA budget is secure and available to deliver the essential services and improvements that are needed is a key means of supporting tenants.

Risk Management Implications

34. The principal risks are detailed in paragraphs 27-29 and in Appendix 2. These are included in the departmental risk register. With the further reduction in reserves proposed in this report to meet ongoing investment in the Council's housing stock, it is vital that robust controls are maintained in respect of expenditure (including works carried out by contractors), income collection, budget management, monitoring and reporting. It is also important that regular review and monitoring of known and emerging risks is undertaken and mitigations amended where risks change or new mitigations put in place promptly as new risks emerge.

Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 26 January 2023

Consultation

35. Tenants and residents were consulted on the plans at the Housing Representatives Forum in January 2023 and the Housing and Homelessness Policy and Accountability Committee on the 23 January 2023 to allow the consideration of comments on the implications in advance of any formal decision being taken by Cabinet on 6 February 2023.

List of Appendices:

Appendix 1 Savings Plan

Appendix 2 Key Risks

Appendix 3 Fees, Charges & Other Income

Appendix 4 Consultation Responses

Appendix 1

Housing Revenue Account: Four year growth and savings plan 2023/24 – 2026/27					
Division	Description	Budget Change Cumulative (£000s)			
		2023-24	2024-25	2025-26	2026-27
All	Housing Transformation Programme - Consolidation	0	(1,250)	(1,250)	(1,250)
Property & Compliance	Housing Transformation Programme - Channel shift	(350)	(690)	(690)	(690)
All	Housing Transformation Programme - Reducing operating costs	(100)	(100)	(100)	(100)
Finance	Review of corporate recharges (non-SLA)	(80)	(80)	(80)	(80)
All	Review of staff cost apportionment between the General Fund and the Housing Revenue Account	(30)	(30)	(30)	(30)
Finance	Further review of corporate recharges (SLA for accommodation)	(430)	(430)	(430)	(430)
All	Leaner management and reduced back office; and review of 21/22 underspends	(140)	(140)	(140)	(140)
Pipeline Savings (savings target held as credit budget against Finance division)		(1,130)	(2,720)	(2,720)	(2,720)

Appendix 2

Housing Revenue Account: Key Risks 2023/24		Lower Limit £000s	Upper Limit £000s
Quantifiable Risks			
<p>Welfare reform - the budgeted bad debt provision provides some protection against the impact on rent collection rates as a result of the Government's Welfare Reform programme. However, there remains some risk.</p> <p>Given that the households involved are on very low income levels it is likely that any increase in arrears would be uncollectable and the annual exposure is estimated in the region of between £3.5m and £5.0m for 2023/24, 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.</p>		3,500	5,000
<p>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 (130) all progress to RTB sales.</p>		0	800
Total Quantifiable Risks		3,500	5,550

Key Risks 2023/24

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 tenants, 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** requires 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 23/24 – Following the Government's decision to cap social rent increases at 7%, there is uncertainty in Government policy on social rents up to 2025 (when the Government's previous policy limiting rent increases to Consumer Price Inflation (at the previous September) plus 1% will expire) and 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 given the current inflationary environment.

Other changes in central Government policy towards social housing

Key Risks 2023/24	
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, 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.
Staff capitalisation	– any slippage on the housing capital programme could result in staffing costs which were expected to be capitalised to fall to revenue resulting in an unbudgeted overspend within the Housing Revenue Account.
Rental income collection	– in addition to the risk outlined above on Welfare Reform, there is a general risk of an overspend on the budgeted bad debt provision, particularly in the light of the current cost of living crisis, which may arise from an increase in rent arrears.
Medium Term Financial Strategy	– there is a risk to future savings expected to be delivered in accordance with the HRA four-year savings plan.

Appendix 3

Fees, Charges and 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 in the light of recent increases in the cost of energy, an increase in charges is proposed for 2023/24.

The average weekly increase for tenants and leaseholders on the scheme is £2.75 (communal heating), £10.90 (tenants' personal heating) and £13.78 (leaseholders' personal heating). However, there is a wide range of increases both below and significantly above the average. Additional detail has been provided to tenants as part of the consultation process referred to at Appendix 4.

Garage rents

There are 1,106 garages in H&F of which 887 occupied units are rented by licence holders.

H&F standard sized garages are currently charged at the weekly prices of £24.83 for Council tenants and leaseholders, £46.93 for private residents of the borough and £67.08 for non-borough residents. The smaller motorcycle garages are charged at a fixed rate of £18.63 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 7%, lower than CPI of 10.1% (as at September 2022).

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 CO² 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 318 car spaces for rent on estates in H&F of which 165 are occupied.

The current charges range for Council tenants and leaseholders per week from £2.89 for uncovered bays to £3.27 for covered bays. Private residents can rent a space on one of the commercial sites for £29.50 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 7% increase in car space charges from April 2023. This is lower than CPI of 10.1% as at September 2022.

Leasehold after sale – Home Buy fees

To move towards recovering the costs of service provision, it is planned to increase the fee by 7% from £203 to £217.

Advertising income

The annual budget for income generated from advertising hoardings located on housing land has been reduced by £34,000 to £356,000. 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 2023/24 has remained static at £1.474m. This approach reflects 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 2023/24.

Appendix 4

Consultation Responses

Tenants from the Housing Representatives Forum were consulted on the HRA Budget 2023/24.

The Housing and Homelessness Policy and Accountability Committee on 23 January 2023 also considered the HRA Budget 2023/24.

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 06/02/2023

Subject: Revenue Budget And Council Tax Levels 2023/24

Report of: Leader of the Council – Councillor Stephen Cowan

Responsible Director: Director of Finance – Sukvinder Kalsi

SUMMARY

Hammersmith & Fulham is unique in many ways. In recent years the council has been able to abolish home care charges, provide free breakfasts for school children, create a new Law Enforcement Team to keep our street safe and clean, maintain weekly bin collections across the borough, and end the use of bailiffs to collect Council Tax debt.

All of these services have been funded at a time of austerity within local government. Hammersmith & Fulham's General Grant from central government has reduced by 56% in real terms, from £164m in 2010/11 to £116m in 2023/24. The economic impact of the last few years has put further pressure on council finances. The challenge in setting this budget has been to protect these services, that make Hammersmith & Fulham special, despite unprecedented financial constraints.

The continuing national economic conditions of high inflation and interest rates present many significant challenges to the council. This is increasing our costs for delivering services, reducing our income from residents/businesses/visitors, making our investment plans more expensive and is increasing the demand for public services. Forecasts of an economic contraction in the coming years add additional pressure to council finances, in the form of reduced revenues and increased demand for services.

The cost-of-living crisis is affecting residents across the borough. With rising inflation, energy bills, and food costs many residents will be struggling to get by, and in need of additional support. This is why, despite the difficult financial constraints, the council has found nearly one million pounds for new provisions to help tackle the increasing cost of living.

The budget proposals for 2023/24 set out in the report:

- preserve front line services valued by residents/businesses/visitors
- ensure the continued delivery of key council priorities (e.g. free home care, weekly collection of waste)
- increase investment in services including fly tipping, food waste collection, continuation of free school breakfasts, temporary accommodation, care packages for disabled children and family hubs and measures for supporting residents during the cost-of-living crisis and through the Council Tax support scheme

- maintain the financial resilience of the council (and thus the continued provision of services in the future)

The council takes pride in having the third lowest Council Tax in the country, and in cutting or freezing Council Tax in five out of the last eight years. We also have one of the country's most progressive Council Tax Support Schemes, which reduces the burden of Council Tax on the most vulnerable and those least able to pay. In accordance with the Local Government Finance Act 1992 the council is required to set a balanced budget and the Government has assumed and directed local authorities to increase Council Tax by 4.99% (including the 2% adult social care precept) as part of the Local Government Finance Settlement.

Details on the following are set out in this report:

- Council tax levels
 - Investment to safeguard services
 - Proposals for efficiencies in the delivery of services
 - Fees and charges (*with the majority being frozen*)
 - Budget risks
 - Reserves and balances
 - Equalities Impact Assessments
-

RECOMMENDATIONS

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

1. To increase the Hammersmith & Fulham element of Council Tax by 2.99% as modelled by the government in its spending power calculations for local government
2. To apply the Adult Social Care precept levy of 2% as modelled by the government in its spending power calculations for local government.
3. To set the council's own total net expenditure budget for 2023/24 at £132.627m
4. To approve **£10.651m** 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 2026/27 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 2023/24 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 2023/24 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	581.23	678.11	774.98	871.86	1,065.59	1,259.34	1,453.10	1,743.72

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	289.43	337.66	385.90	434.14	530.62	627.09	723.57	868.28

13. That the overall Council Tax to be set at £1,306.00 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	581.23	678.11	774.98	871.86	1,065.59	1,259.34	1,453.09	1,743.72
b) GLA	289.43	337.66	385.90	434.14	530.62	627.09	723.57	868.28
c) Total	870.66	1,015.77	1,160.88	1,306.00	1,596.21	1,886.43	2,176.66	2,612.00

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

Wards Affected: All

H&F values	Summary of how this report aligns to the H&F Priorities
Being ruthlessly financially efficient	We need to always confirm that spend fits our council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts.
Creating a compassionate council	As the Council's resources have been reduced we have protected the services on which the most vulnerable residents rely. This budget continues all our previous policies to support residents and also proposes new spending on care packages

	for disabled children and additional resources to help residents through the cost of living crisis.
Building shared prosperity	A significant proportion of services are delivered in partnership with local and national companies, and this will continue to promote all business sectors to the benefit of residents. In addition, there will be increased investment in the Industrial Strategy Delivery and the development and promotion of the STEAM sector strategy.
Doing things with residents, not to them	The use of co-production across the Council is embedded and all service matters are developed with the engagement of residents. The Council is continuing the REAP Programme to improve residents' access to the services.
Taking pride in H&F	The budget proposals include significant investment in public realm services especially waste collection, street cleaning and open/park spaces. Our new waste contract includes provisions to tackle fly-tipping and collection of food waste.
Rising to the challenge of the climate and ecological emergency	The Council has established a Climate Change Team and the Team has developed a Climate and Ecology Strategy (and is making a significant contribution to the international and national policy debates). It is also securing grants from national programmes to help with improvements of the thermal efficiency of Council properties and homes).

Financial Impact

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

Name: Sukvinder Kalsi

Position: Director of Finance, January 2023

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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 considered. 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 23 February 2023 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.

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Background Papers Used in Preparing This Report – none

BUDGET OVERVIEW

1. The continuing national economic conditions of high inflation and interest rates are presenting many significant challenges to the council (this is increasing our costs for delivering services, reducing our income from residents/businesses/visitors, making our investment plans more expensive and is increasing the demand for public services).

The budget proposals for 2023/24 set out in the report are intended to:

- preserve front line services valued by residents/businesses/visitors
 - ensure the continued delivery of the key priorities of the council (for example free home care, weekly collection of waste)
 - maintain the financial resilience of the council (and thus the continued provision of services in the future)
2. **The council has a successful track record of keeping Council Tax low, cutting or freezing Council Tax in five of the last eight years).** The current major national economic conditions of high inflation and interest rates have made a Council Tax increase in 2023/24 unavoidable and a 2.99% increase in the Hammersmith & Fulham element of Council Tax is proposed. The level of Council Tax increase reflects the assumption that has been outlined by Central Government in the Autumn Statement made on the 17 November by the Chancellor and assumed in the funding settlement for local government. The additional income will fund rising costs, protect, and support investment in key services for residents, and strengthen future financial resilience. The increase is equivalent to £23 per annum, or less than 50p per week, for 2023/24 (at Band D). The Council Tax charge for Hammersmith & Fulham is the third lowest in the country and 35% below the London average charge.
 3. **The council is also proposing to levy a 2% Adult Social Care precept** (again in line with Central Government funding assumptions). The increase is equivalent to £17 per annum, or less than 35p per week, for 2023/24 (at Band D) and will be used to support Adult Social Care services. The continued delay in the national review of the funding of adult social care is a major concern and the government is continuing with its strategy of using an adult social care precept (since 2016/17). In the first years of the levy, Hammersmith & Fulham was determined not to apply the levy despite the fact that the council's funding from government was modelled on the assumption that it would. Due to the continued high levels of inflation and instability in the social care market, the impact of the Covid-19 pandemic and the government's continued failure to propose a long-term funding solution to social care funding, the council accepted the need for a 3% adult social care levy for 2021/22 but it was not applied in 2022/23.
 4. It is estimated that 47% of households will not be required to pay the full increase (as they will be supported through the single person household discounts, Council Tax support and exemptions).
 5. **General government grant funding** is due to increase by an estimated £7.8m from 2022/23 to 2023/24. £5.1m of the grant increase is not new money but compensation for the government decision not to increase business rates. The Institute for Fiscal Studies (IFS) has stated that central government funding "is far from fully reversing the substantial cuts made to local government in the first half of the 2010s. Real-terms per capita spending by local government fell by more than 20% between 2009-10 and 2015-16". The outlook beyond 2023-24 remains uncertain. Historically, overall

government funding for H&F has reduced by £48m from 2010/11 to 2023/24 – a real terms funding cut of 56%.

6. **Investment of £10.7m** is being provided to meet the costs of statutory obligations, demographic, service and demand pressures and key resident priorities. The details are set out in paragraph 16 and Appendix C to this report, and key elements are summarised below:

- £4.1m for providing adult social care services (including hospital discharge and demographic growth)
- £1.7m for waste collection and street cleansing services (this will include fly tipping and food waste)
- £1.7m to support the continued provision of school meals to children.
- £0.5m for care packages for disabled children and family hubs

7. **Efficiencies and Savings of £2.9m** are proposed to balance the 2023/24 budget. The details are set out in paragraph 17 and Appendix C to this report, and key elements are summarised below:

- Improving the commissioning of services for children (£0.7m)
- Greater use of digital technology in adult social care services to reduce operational costs (£0.5m)
- Working with the NHS to improve hospital discharges and independent living (£0.5m)

8. A provision of £0.9m has been set aside to support residents on cost-of-living pressures and to consider further developing the Council Tax support scheme for those least able to afford Council Tax.

The council will continue to face significant future financial challenges and uncertainty beyond 2023/24 due to the national fiscal problems, future finance settlements and the long-term impact of more service demands due to the recent pandemic. Therefore an additional £5.3m will be retained in contingencies to safeguard and protect against those risks.

THE COUNCIL TAX REQUIREMENT

The council's current gross General Fund budget rolled forward to 2023/24 is £539.6m, of which £166.6m (the budget requirement) is funded from council resources (such as Council Tax and business rates) and general government grant.

Table 1: 2023/24 Base Budget Requirement

Budgeted expenditure 2022/23	£m
Housing benefit payments	91.2
Departmental budgets (after transfer of on-going developer contributions to fund law enforcement team)	448.4
Gross budgeted expenditure	539.6
Less:	

Specific government grant (including housing benefits and dedicated schools grant)	(239.8)
Fees and charges	(68.0)
Contributions (e.g. health)	(47.0)
Other income (e.g. investment interest, rentals, recharges)	(18.2)
Base budget requirement rolled forward to 2023/24	166.6

9. The Band D Council Tax charge is calculated by dividing the Council Tax requirement by the Council Tax base¹. The determination of the 2023/24 Council Tax requirement is set out in Table 2. The medium-term forecast, to 2026/27 is set out in Appendix B.

Table 2: The Council Tax Requirement

	£m
Base gross budget rolled forward from 2022/23	166.6
Plus/minus:	
Pay and price inflation	13.6
Additional investment in key services and priorities	10.7
Contribution to contingencies	5.3
Employee costs (on-going effect of award in 2022/23)	3.8
Cost of living (one-off) / Council Tax support scheme	0.9
Increase in the net cost of borrowing	0.6
Efficiencies and savings proposals	(2.9)
Recognition of current income projection	(2.0)
Income from investment of cash balances (one off in 23/24)	(5.0)
Employee budget management	(2.5)
Reduction in concessionary fares contribution (one off)	(2.2)
Reversal of Employers National Insurance Contributions (1.25%)	(1.3)
Gross budget requirement	
General grants	(53.0)
Net budget requirement for 2023/24	132.6
Less:	
Locally retained business rates	(59.4)
2023/24 Council Tax requirement (including the adult social care precept)	73.2

INFLATION, EMPLOYEE SPEND AND INVESTMENT

Inflation

10. Inflation has been consistently high during 2022/23 (reaching 11.1% in October 2022, and the highest level for 40 years). The Office of Budget Responsibility is forecasting inflation of 7.4% during 2023 and the proposed budget for 2023/24 includes provision for both pay and price inflation as follows:
- Contracted inflation of £7.6m.
 - Pay inflation of £6.0m.

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

Employee Spend

11. There are several impacts on the employee budgets proposed for 2023/24 and these are summarised below:
12. The on-going impact of the pay award from April 2022 will cost £3.8m (this was funded from the one-off use of policy contingencies in 2022/23).
13. In September 2022, a previously agreed 1.25% increase in employers' national insurance contributions was withdrawn by the Chancellor of the Exchequer, with effect from the 6th of November 2022. This will save the council an estimated £1.3m in 2023/24.
14. A reduction of £2.5m is proposed on employee spend (this is 2% of total estimated spend and represents about 40 posts). It is expected that this will be managed through natural turnover, management of recruitment and review of the use of agency staff. It is not expected that this will require any voluntary or compulsory redundancies.

Investment

15. Additional investment of £10.7m is being provided following the budget setting and review process. The investment proposals are detailed in Appendix C and summarised in Tables 3 and 4.

Table 3: 2023/24 investment proposals

Proposal	£'m
Social care (including hospital discharge and demographic growth)	4.1
Waste collection (fly tipping and food waste)	1.7
Continuing free breakfast meals in all primaries & free lunches in secondaries where we currently operate the scheme / out of term support	1.7
Homelessness services (temporary accommodation)	0.9
Disabled children care packages/care leavers and family hubs	0.5
Other policy priorities (see Appendix C)	1.3
Other unavoidable pressures (loss of advertising income, audit fees)	0.5
	10.7

Table 4: Categorisation of investment proposals

Analysis of Investment	£m
Increase in demand / demographic growth	6.9
Resident priority	2.4
Budget pressure	1.0
Government Related/Other Public Bodies	0.4
Total	10.7

16. A provision of £0.9m has been set aside to support residents on the cost-of-living pressures and to consider further developing the Council Tax support scheme for those least able to afford Council Tax.

SAVINGS

17. The proposed savings are detailed in Appendix C and summarised in Tables 5 and 6.

Table 5: 2023/24 savings proposals.

Proposal	£m
Improving commissioning of children's services	(0.7)
Greater use of digital technologies to improve support and services in social care (e.g. timely return of equipment)	(0.5)
Working with NHS to improve hospital discharge and independent living)	(0.4)
Resident Engagement and Access Programme	(0.2)
Lower waste tonnages (impact of awareness programmes)	(0.2)
Joint commissioning of extra care services	(0.2)
Other (mainly social care procurement, Direct Payments)	(0.7)
Total savings	(2.9)

Table 6: Categorisation of savings

Savings categories	£m
Commercialisation / income	(0.1)
Procurement / commissioning	(0.9)
Service reconfiguration	(1.5)
Service rationalisation/budget reduced in line with spend	(0.2)
Prevention	(0.2)
Total savings	(2.9)

INCOME GENERATION (FEES AND CHARGES AND OTHER MEASURES)

Fees and Charges

18. For non-statutory fees and charges, levied by Hammersmith & 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 10% is applied for other non-commercial and non-parking fees. The RPI indication for October 2022 is 14.2%.
19. The current proposed exceptions to the standard 10% increase and policies above are set out in Appendix F.

Other Measures

20. In addition, a further short-term saving of £2.2m (for 2023/24) will arise relating to the contributions to 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 pandemic. This is not expected to continue beyond 2023/24.
21. A further one-off saving of £5.0m relating to income from investing cash balances as favourable interest rates is assumed (cash balances are expected to be a minimum of £250m during 2023/24 and lower than current levels of more than £300m). This income will be used to balance the budget in 2023/24 and is not expected to continue beyond 2023/24.

GOVERNMENT GRANT, DEVELOPER AND BUSINESS RATES FUNDING

22. The government funding receivable is detailed in Appendix E. However historically, government funding has reduced by £48m from 2010/11 to 2023/24, which represents in real terms a cut of 56%. The estimated cash increase in 2023/24 general grant is £7.8m of which £5.1m is compensation for the government decision not to increase business rates. The level of compensation is linked to the standard Consumer Price Index (CPI) rate of inflation. Revenue Support Grant has increased by £2.2m.
23. The 2023/24 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. The 'services grant' which was first allocated in 2022/23 has reduced by over 44% in 2023/24. For modelling purposes the future grant forecast, included within Appendix B, assumes that the services grant will be reduced for future years also. The future of the new homes bonus grant scheme is also uncertain, and the council's allocation has reduced by 43% in 2023/24 compared to 2022/23 and by 77% compared to 2021/22.
24. As set out in Appendix I the government calculate that Hammersmith & Fulham spending power has increased by 9.5% in 2023/24. The government spending power calculation also assumes that authorities will increase Council Tax (including the adult social care precept) by 4.99% 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 2.5%.
25. Ringfenced grants, which can only be used for a specific purpose, are currently forecast to have increased by £3.245m from 2022/23 to 2023/24. 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.
26. The business rates forecast is summarised in Appendix H. As part of the Autumn 2022 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

2023/24 (no increase in line with the multiplier). Local authorities will be compensated by the government for the resultant loss of income from these measures.

27. The forecast assumes that Hammersmith & Fulham will receive the minimum amount guaranteed, the safety net threshold, by government. This is £59.4m for 2023/24. For years beyond 2023/24 a 2% inflationary increase to the safety net is modelled.
28. Planning obligations under section 106 of the Town and Country Planning Act 1990 (as amended), known as section 106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development. Property developments have placed increased pressure on council services in recent years.
29. The council has determined that a key priority area for the investment of available section 106 funds is to support regeneration, housing, and other infrastructure schemes.
30. Several 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.
31. The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008, which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area. The levy only applies in areas where a local authority has consulted on, and approved, a charging schedule which sets out its levy rates and has published the schedule on its website. Most new development which creates net additional floor space of 100 square metres or more, or creates a new dwelling, is potentially liable for the levy. The Community Infrastructure Levy Regulations set out various reliefs or exemptions from the levy and there are also economic factors which might impact on future CIL receipts.
32. The council will continue to monitor the receipt of section 106 and CIL funds expected in the short and medium term, where the level of uncertainty around trigger points increases.

HAMMERSMITH AND FULHAM's COUNCIL TAX REQUIREMENT

33. On 9th January 2023, Council agreed a Council Tax base of 83,936 equivalent Band D properties for 2023/24. Therefore, the council's element of the Council Tax for Band D properties can be calculated as followed:

$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base (Band D equivalent)}} = \frac{\pounds 73,180,441}{83,936} = \pounds 871.86 \text{ Band D}$
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34. This represents a 2.99% increase in the Hammersmith & Fulham element of the Council Tax charge and a 2% levy for the adult social care precept.

35. 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	93,165
Reductions:	
Exemptions (mainly students, includes care leavers)	(3,871)
Council Tax support claimants (elderly & working age on low income)	(10,143)
Single person discount (25% discount)	(29,505)
Dwellings liable for 100% of Council Tax	49,646
	53%

PRECEPTOR'S (Greater London Authority) COUNCIL TAX REQUIREMENT

36. 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 £434.14. This is subject to formal approval by the Mayor following the London Assembly meeting of 23 February. The preceptors budget requirement will be amended should there be a change to the Mayor's proposed Band D charge.

$\frac{\text{Preceptor's Budget Requirement}}{\text{Tax Base (Band D equivalent)}} = \frac{£36,439,975}{83,936} = £434.14 \text{ Band D}$

37. The proposed GLA charge represents an increase of £38.55 (9.7%), compared to 2022/23. This includes a £15 increase in the police precept, £3.55 for the London Fire Commissioner and a £20 increase for Transport for London. There is no cash increase for either GLA, Mayor or GLA: Assembly, although their council tax requirements do increase by ².

OVERALL COUNCIL TAX REQUIREMENT 2023/24

38. The overall amount to be met from the Council Tax is £109.620m. This will provide a balanced budget.

Table 10: Overall 2023/24 Council Tax requirement

London Borough of Hammersmith & Fulham	£73,180,441
Greater London Authority (proposed)	£36,439,975
Total requirement for Council Tax	£109,620,416

² Source: [The Mayor's Budget for 2023/24 - Explanation of proposals](#)

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39. 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.
40. 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:

$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base (Band D equivalent)}} = \frac{\text{£109,620,416}}{83,936} = \text{£1,306.00 Band D}$

CONSULTATION

Non-Domestic Ratepayers

41. 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

42. 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

43. Under Section 25 of the Local Government Act 2003, the Director of Finance is required to include, in the budget report, a view of the robustness of the 2023/24 estimates.
44. 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.
 - The assumptions made for pay and price inflation, investment and other expenditure are pragmatic and prudent.

- The rigorous budget monitoring framework will be continued in 2023/24 and any risk/pressures arising will be reported and mitigations actions identified and implemented to deal with any matters.
- 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 £48m 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 overspend of £2.1m, reducing to £0.6m should current mitigating actions be delivered, and contingency be used. However the forecast includes a net improvement in expected parking income of £2.0m and this is recognised within the 2023/24 budget proposals.
- 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 £0.6m 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 considering the impact of Covid-19, budgeting at the safety net.

Risk, revenue balances and earmarked reserves

45. Under Section 25 of the Local Government Act 2003, the Director of Finance is required to include, in budget reports, views of the adequacy of the balances and reserves the budget provides for in light of the medium-term risks facing the authority.
46. The key financial risks that face the council have been identified in Appendix D and the 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.

47. 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.

48. 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.

General fund balances

49. The council's general balance is budgeted to be £23.3m at the start of 2023/24. This equates to 4.1% (15 days spend) of the council's gross budget of £565.1m. This is well 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.

50. General balances are forecast to remain within the optimum range in 2024/25.

Earmarked reserves

51. The council holds a number of earmarked reserves. The latest forecast to 2027/28 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.

Table 11: Reserves and general balances - cash flow forecast to 2027/28

	2023 £m	2024 £m	2025 £m	2026 £m	2027 £m
Opening balance at 1st April					
General balances	23.3				
Earmarked reserves – unrestricted	51.1				
Covid-19 related	7.4				
Earmarked reserves – restricted	7.6				
Subtotal	89.4	74.8	73.6	76.1	76.1
Forecast movement	(14.6)	(1.2)	2.5	0	0
Budgeted contribution	0	0	0	0	0
Closing balance at 31st March	74.8	73.6	76.1	76.1	76.1
Revenue developer contributions	46.0	Subject to separate monitoring and approval			

52. 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 and Access Programme). Allowance is made within the reserves forecast for the estimated 2023/24 revenue budget overspend (after allowance for the delivery of in-year action plans) of £2.1m at month 6.
53. 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

54. 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 2023/24 local authorities “will be required to seek the approval of their local electorate in a referendum if, compared with 2022/23, they set an increase in the relevant basic amount of Council Tax that is 3% or higher”. As the proposed Council Tax increase for this council is 2.99%, no such referendum is required.
55. In addition, the government has modelled setting a precept to fund social care for adults of 2% in 2023/24. This levy is included in the council’s budget proposals.

EQUALITY IMPLICATIONS

56. 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 increase Council Tax and 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

57. In line with the council’s priorities of Being Ruthlessly Financially Efficient and Being a Compassionate Council, members and officers will need to be mindful of the following factors faced by the council, in common with other local authorities, in approving the proposed budget, including savings and growth proposals:
- ***Future Pressures:*** It is inevitable that, in addition to the ongoing financial pressures relating to national economic conditions, 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 2023/24 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.

- *Demand Pressures*: There is a real risk of increased demand for children's services, adult social care, and homelessness services over the coming years. These are difficult areas in which to accurately quantify future demand, particularly given economic uncertainty. However, recent years have demonstrated that cost pressures are appearing because of diminishing resources, growing demand and new duties placed upon local authorities by central government. Current demand pressures exist in several areas including Social Care, Children's Services and Temporary Accommodation.
- *Use of Balances*: The risk associated with drawing on balances is that they are one-off non-sustainable options rather than permanent efficiencies. Prudent levels of balances should be maintained for later years where grant losses continue.
- *Procurement and Contracts*: The council will continue to review and develop forward planning for Commissioning and Procurement activities to identify new efficiencies and opportunities, increasing value to its residents. Continued robust management of the council's contracts is essential to ensure that they remain resilient during the challenges posed by changes resulting from the trade deal agreed with the European Union in December 2020 and any changes made to UK legislation arising from the UK's exit from the European Union.
- *Cost of living crisis*: The impact of the ongoing impact of high inflation, interest rates and fuel, food and other commodities is having a significant impact on residents. The report sets out additional support which is being and will be made available to support residents. However, the ongoing economic situation is likely to lead to increasing demand for services and increasing cost of procured services.

58. The economic climate in which the council must 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 must continue with its significant savings and transformation programmes.
59. The report sets out several 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.

60. Appendix D sets out the financial risks against which the 2023/24 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.
61. 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, 18 January 2023.

PROCUREMENT IMPLICATIONS

62. 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

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 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.	609,214,762	
(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.	499,594,346	
(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.	109,620,416	
(d)	Being the amount formally agreed by council as the Council Tax base for 2023/24.	83,936	
(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.	1,306.00	
(f)	Hammersmith & Fulham proportion of the Basic amount of its Council Tax (Band D)	871.86	
(g) Valuation Bands – Hammersmith & Fulham Council:			
Band A	Band B	Band C	Band D
581.23	678.11	774.98	871.86
Band E	Band F	Band G	Band H
1,065.59	1,259.34	1,453.09	1,743.72
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
289.43	337.66	385.90	434.14
Band E	Band F	Band G	Band H
530.62	627.09	723.57	868.28

(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 2023/24 for each of the categories of dwellings shown below:

Band A	Band B	Band C	Band D
870.66	1,015.77	1,160.88	1,306.00
Band E	Band F	Band G	Band H
1,596.21	1,886.43	2,176.66	2,612.00

	2023/24	2024/25	2025/26	2026/27
Medium Term Financial Forecast	£'000s	£'000s	£'000s	£'000s
General Fund Base Budget	166,608	164,908	163,208	161,508
Contract and Pay Inflation	13,600	21,600	27,600	33,600
Employee Costs (on-going effect of award in 2022/23)	3,800	3,800	3,800	3,800
Additional Investment in Key Services and Priorities	10,651	16,700	22,700	28,700
One off Cost of Living / Council Tax Support Scheme contingency	900			
Net Cost of Borrowing (revenue cost of capital programme)	600	1,000	1,000	1,000
Savings and change proposals	(2,924)	(4,024)	(4,824)	(5,524)
Recognition of current income projection	(2,000)	(2,000)	(2,000)	(2,000)
Income from Investment of Cash Balances (one off in 23/24)	(5,000)			
Employee Budget Management	(2,500)	(2,500)	(2,500)	(2,500)
Reduction in Concessionary Fares Contribution (one off)	(2,245)	1,096	3,068	3,130
Reversal of Employers National Insurance Contributions (1.25%)	(1,250)	(1,250)	(1,250)	(1,250)
Contribution to contingencies	5,289	5,289	5,289	5,289
Budget requirement	185,528	204,619	216,091	225,753
RESOURCES				
Government:				
General grants (including new homes bonus)	(32,792)	(32,895)	(33,107)	(33,407)
Revenue Support Grant	(20,198)	(21,208)	(21,632)	(22,065)
Hammersmith and Fulham:				
- Business rates (net of Tariff)	(59,358)	(59,528)	(60,719)	(61,933)
- Council tax	(73,180)	(73,925)	(74,580)	(75,235)
Total forecast resources	(185,528)	(187,557)	(190,038)	(192,640)
Budget Gap	(0)	17,062	26,053	33,113

Social Care

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)
1	Independent living, Quality, Performance and Safeguarding	Commissioning Market Opportunities	Review care costs with NHS as people with very high needs are discharged from hospital.	(150)	(200)	(250)	(350)
2	Independent living, Quality, Performance and Safeguarding	Continuous improvement of services	Model to further support independent living	(250)	(400)	(600)	(600)
3	Independent living, Quality, Performance and Safeguarding	Continuous improvement of services	Further Increased take-up of Direct Payments for choice and control for residents and increasing wellbeing	(200)	(400)	(600)	(800)
4	Specialist Support and Independent Living	Continuous improvement of services	Joint commissioning steering group with The Economy department on implementing the disabled people's housing strategy and reducing voids. This will be done through reviewing the extra care available for residents, ensuring new builds are co-produced with disabled residents and make good housing voids	(200)	(400)	(400)	(600)
5	Independent living, Quality, Performance and Safeguarding	Continuous improvement of Services	Maximising adaptations in people's homes through use of Disabled Facilities Grant. This increases a person's independence and reduces the need for longer-term care, as appropriate.	(50)	(100)	(200)	(250)
6	Independent living, Quality, Performance and Safeguarding	Continuous improvement of services	Reviews of care support for people with a sensory disability encouraging the use of equipment, as appropriate, to increase a person's independence.	(50)	(150)	(200)	(250)
7	All Divisions	Improve access to and support provided from our front door	Improved support and information for residents and make better use of digital technologies (such as care cubed, use of resident portal, timely return of equipment) and review of Joint equipment low item ordering	(500)	(750)	(950)	(1,050)
8	Commissioning	Commissioning Market Opportunities	Smarter procurement for better outcomes for carers and review of supporting people services	(70)	(70)	(70)	(70)
9	Commissioning	Commissioning Market Opportunities	Renegotiate Nursing care home contract- subject to more work with Department of Health and Social Care	0	(100)	(100)	(100)
Total Change and Savings Proposals				(1,470)	(2,570)	(3,370)	(4,070)
Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 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 demand from hospital discharges with a 40% increase in support at home, greater acuity of need, an ageing population and increasingly complex needs resulting from specialist services. 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 2.07% over the period 2022 to 2027 and equates in monetary terms to a cumulative total of £5.967m	1,397	2,831	4,368	5,967
2	Specialist Support and Independent Living	Hospital discharge & Learning Disability (LD) Transitions	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. Additional funding is required for the LD budgets to fund the increasing number of disabled young people transitioning into adult services. We have estimated that there are likely to be 65 more young people by 2026/27 creating a cost pressure on an already overspending budget	2,705	2,878	3,007	3,115
Total Investment and Covid Recovery				4,102	5,709	7,375	9,082

Public Health

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)
1	Public Health	Reframe and redesign services	Delivery of agreed savings on 0-19 Public Health Nursing. Savings from year 2 through procurement of new health visiting and school nursing contract. Service quality has remained the same with savings achieved through improved service through procurement and contract monitoring.	(60)	(60)	(60)	(60)
2	Public Health	Reframe and redesign services	Re-tendering of Substance Misuse and Drugs contracts with efficiencies in commissioning and contracting with a plan to reduce overheads and to modernise in line with clinical standards.	(50)	(50)	(50)	(50)
3	Public Health	Reframe and redesign services	Review of community champion contracts and redesign into an outreach model	(50)	(50)	(50)	(50)
4	Public Health	Reframe and redesign services	Adult Weight Management - Targeted Operating Model working to improve the leisure offer for residents and linking with the Council's food strategy	(40)	(40)	(40)	(40)
Total Change and Savings Proposals				(200)	(200)	(200)	(200)
Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)
1	Public Health	Re-Investment	Reinvestment into Long Acting Reversible Contraception (LARC). Current tariff is making it unsustainable for GPs to carry out this essential work, creating a postcode lottery for women in the borough. Need for higher tariff and investment in ongoing training and accreditation.	50	50	50	50
Total Investment and Covid Recovery				50	50	50	50

Children's Services and Education

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)
1	Early Intervention Services Children and Young Peoples Services and Education Services	Early Intervention Services Review	A single commissioning process to ensure families receive the right service at the right time; to intervene early and prevent escalation.	(700)	(700)	(700)	(700)
Total Change and Savings Proposals				(700)	(700)	(700)	(700)

Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)
1	Education - Children with Disability	Disabled Children's care packages	Investment in Disabled Children's care packages and short breaks	350	350	350	350
2	Children and Young Peoples Services	Care Leavers hub	Critical Investment into services for corporate parenting	77	77	77	77
3	Education	Performance and Quality Assurance	Longer term funding required to support key services to achieve a successful SEND Ofsted inspection. Key areas to focus on include, quality assurance, development of data infrastructure and longer term support for key teams such as the EHCP team and school improvement	250	250	250	250
4	Children's Services and Education	Free breakfasts in all primary Schools	Protect the borough's free breakfasts in all primary schools	450	450	450	450
5	Children's Services and Education	Free school lunches	Maintain free lunches in the schools we operate the scheme in.	100	100	100	100
6	Children's Services and Education	Feeding children during school holidays	Do even more to feed children who need support outside of school term time, making sure they get two good, nutritious meals a day	1,200	1,800	1,800	1,800
7	Education	Education inequalities	Tracking of delivery required through a nuanced role to encourage positive engagement from schools.	25	25	25	25
8	Education	Digital exclusion - Extension of existing schemes in schools	Co-produce a Digital Inclusion strategy for H&F schools	25	25	25	25
9	Children and Young Peoples Services	Family hubs	Develop family hubs to make it simpler for families to access a wide range of council services.	60	250	250	250
10	Children and Young Peoples Services	Twinned municipalities	Act with our twinned municipalities to enrich and improve the lives of our residents by: Developing programmes for children and young people to share in sport competitions and artistic and cultural projects, and cooperating around youth mayors, youth parliaments and other democratic initiatives.	60	60	60	60
Total Investment and Covid Recovery				2,597	3,387	3,387	3,387

Corporate (Finance, Resources, Council Wide)

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)
1	Civic Services	Review of current operating model	Realign services to provide greater efficiencies and support for member responsibilities	(20)	(20)	(20)	(20)
Total Change and Savings Proposals				(20)	(20)	(20)	(20)

Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)
1	Commercial services	Advertising revenues - digital advertising	Realignment of income target regarding underlying income shortfall following the pandemic	205	205	205	205
2	Corporate and Democratic Core	Audit Fees	Expected increases in Audit fees as advised by the Public Sector Audit Appointments body. Increase on 2022/23 fees of 150% predicted.	300	300	300	300
3	Democratic Services	Democratic and Governance costs	Additional corporate democratic and core costs	106	106	106	106
4	Shared Service Corporate Anti-Fraud Service	NFI London Counter Fraud Hub	The Hub brings together datasets from across London to prevent and detect fraud.	25	25	25	25
5	Shared Service Corporate Anti-Fraud Service	Increased fraud capacity to better tackle tenancy fraud	Increase the counter-fraud resources to better tackle tenancy fraud by recovering a greater number of misused affordable housing units - tougher stance on crime	55	55	55	55
Total Investment and Covid Recovery				691	691	691	691

The Economy Department

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)
1	Economic Development Learning & Skills	Review of General Fund and use of Section 106	Review of the staffing budgets charged to the General Fund.	(14)	(14)	(14)	(14)
Total Change and Savings Proposals				(14)	(14)	(14)	(14)

Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)
1	Housing Solutions	Increase in Temporary Accommodation client numbers	An increase in homeless presentations combined with a reduction in supply of rehousing solutions is resulting in additional client numbers in temporary accommodation.	939	939	939	939
2	Economic Development Learning & Skills	Industrial Strategy Delivery	Specialist and sectorial expertise to support development of the Strategy, content, design, marketing, engagement etc	125	100	75	75
3	Economic Development Learning & Skills	STEAM	Specialist consultancy support for the development of STEAM sector strategies and their promotion	40	15	15	15
4	Planning	Town Centre Strategies & Mgt Plans	Manifesto commitment to support changing role and vitatily of town centres - specialist support for co-production of strategies and action plans for 3 main centres and 7-10 local centres	95	95	95	95
5	Planning	Climate Change SPD	Specialist support (Graphics and IT) to provide practical illustrations of positive interventions e.g PVs, Air source heat pumps, insulations etc for annotation of the SPD & webpages	161	161	161	161
6	Planning	Property Transformation	Investment to align budget with spend	151	151	151	151
Total Investment and Covid Recovery				1,511	1,461	1,436	1,436

The Environment Department

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)
1	Resident Experience and Access	Improved resident experience and access through increased use of technology	Continuation of the Resident Experience and Access Programme, driving further improvements in Council Tax, Housing Benefits, Accessible Transport and the Contact Centre.	(237)	(237)	(237)	(237)
2	Street Environment Services	Reduce waste disposal tonnages	Sustained reductions in waste disposal tonnages, for both general waste and recycling.	(150)	(150)	(150)	(150)
3	Environment Department	Review non-resident fees and charges	Increases in fees and charges that do not affect residents.	(133)	(133)	(133)	(133)
Total Change and Savings Proposals				(520)	(520)	(520)	(520)

Investment and Covid Recovery				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2023-24 Budget Change Cumulative (£000's)	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)
1	Street Environment Services	Enhanced waste management and street cleansing	New investment to provide additional services (such as food waste collection), to reflect the increased number of properties in the borough, and to maintain current collection services in light of increasing operational costs.	1,700	1,700	1,700	1,700
Total Investment and Covid Recovery				1,700	1,700	1,700	1,700

Children's Services Risk/Challenges

Department & Division	Short Description of Risk	Mitigation
Children's Services		
Children and Young Peoples Services	Increased demand as a result of the service being needs led	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	Undertaking risk assessments and monitoring.
Education	Travel Care is determined by the needs of children with SEND and the extent to school placements are made out of borough and at a considerable distance from the child's home. Demand for Travel Care continues to rise.	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.
All Children's and Education Services	Contractual and Statutory inflation more than budgeted	Seek to minimise inflationary uplifts as far as possible, noting these are often legally enforceable contract clauses. Set aside corporate inflationary contingency
Children's Services Total		

Social Care Risks/ Challenges

Department & Division	Short Description of Risk	Mitigation
Social Care		
All divisions	Cost of Living - Current retail price index (RPI) are 14% and consumer price index (CPI) is 9.3% (Both November 2022) and the Office of Budget Responsibility is anticipating RPI to be 9.1% and CPI to be 7.4% in 2023. Inflation has been assumed for 23/24 at 5% and if Social Care providers are settled at 10% (including London Living Wage increases) there will be a cost pressure of £3.4m.	Commissioning and Finance will assess each individual provider request for additional uplift and present any variation after assessment. The department has submitted the workings through the Fair Cost of Care exercise as part of the remaining Social Care Reforms. Any inflationary increases will be as part of moving towards this rate (subject to budget availability) and a new ringfenced market sustainability grant will assist support funding of the settlement.
All divisions	Support at home (Homecare) procurement of new service contract model.	Outcome to be known as part of procurement exercise. As part of the social care reforms, there is a fair cost of care exercise has been undertaken and initial indications suggest the hourly home care rate is likely to be higher than the current assumed modelling for the home care procurement exercise (subject to budget availability).
All divisions	The local policy is for the direct payment rate to be consistent with the Home Care hourly rate (spot market.) As the Home Care rate is to be re-procured there is a likelihood that the direct payment hourly rate will also increase.	Outcome to be known as part of procurement exercise.
Learning Disability	Additional funding is required for the LD budgets to fund the increasing number of disabled young people transitioning into adult services. We have estimated that there are likely to be 65 more young people by 2026/27 creating a cost pressure on an already overspending budget.	Regular and robust review of residents' care is needed to ensure that care plans accurately reflect current assessed care needs.
All divisions	Social Care Reform - Impact of income tariff changes by raising the upper capital limit from £23,350 to £100,000 and the lower capital limit from £14,250 to £20,000. Means capping will be a proposed introduction of an £86,000 cap on personal care costs from October '25. (In LBHF this will be for residents who receive residential and nursing care services in care homes)	LA's to lobby for additional funding for the Social Care income related reforms.
All divisions	Covid-19 impact on mental health services, isolation, increasing drugs and alcohol and obesity will place further pressure on adult social care budget. Further modelling will be undertaken to estimate the financial risks involved.	Tight monitoring of the budget on a monthly basis, reprioritising and changing support as appropriate and as required.
Social Care Total		

The Environment Department Risk/Challenges

Department & Division	Short Description of Risk	Mitigation
Environment		
Climate Change	Significant funding requirements for addressing the Climate and Ecological Emergency and achieving the Council's net zero carbon target by 2030	Financial strategy being developed to ascertain level of required investment and funding options
Highways	Hammersmith Bridge works are being undertaken at risk, pending confirmation of funding contributions from the Department for Transport and Transport for London	Continue to work with the Department for Transport and Transport for London
Street Environment Services	Provisional waste collection services are not yet agreed as part of the new contract (these are required to meet the Council's targeted 40% recycling rate)	Impact of waste collection prototypes being assessed. Expected to deliver longer term reductions in waste disposal tonnages and costs.
All divisions	Significant national inflationary pressures impacting on service spend and current service contracts (such as rising energy, fuel and materials costs)	Continue to work with service contractors to manage within existing budgets
All divisions	Potential national public finance pressures impacting specific grant funded services (such as Transport for London funded highways projects)	Plan for projects that can be scaled to match funding as far as possible
All divisions	Continued pressure on service demand and income due to the cost of living crisis	Continue to signpost residents to cost of living support. Closely monitor income performance, taking remedial action in year as required
All divisions	Ongoing pressure and challenges to secure funding for the Corporate Business Plan objectives	Continue to explore funding opportunities, both internally and externally to the council. Manage within existing resources as far as possible
The Environment Department Total		-

Finance and Resources Risk/Challenges

Department & Division	Short Description of Risk	Mitigation
Corporate		
Council wide	Contract and pay inflation in excess of current budget assumptions	The 2023/24 budget proposals include a retained contingency for inflationary risks
Corporate Total		

The Economy Department Risks/Challenges

Division	Short Description of Risk	Mitigation
Economic Development, Learning & Skills	Adult Learning grant	
Regeneration & Development	Development Team - non-capitalised General Fund staffing costs	
Regeneration & Development	Abortive costs for development schemes	Officers are currently developing approaches to mitigate the risk to minimise any potential abortive costs. An earmarked revenue reserve of £5m is also set aside as further mitigation
Operations	Corporate Buildings income	Exploration of lease exit and moving archives to new location
Operations	Asset Strategy and Portfolio Management - Commercial property rental income	
Planning	Planning application fees income	Service to continue to pursue opportunities to maximise income through Planning Performance Agreements and reviewing fees and charges.
Planning	Planning - Exceptional costs	
Planning	Planning - Additional work to support the Hammersmith Town Centre supplementary planning document.	To be funded from the Planning reserve
Planning	Planning - Additional work to support the Hammersmith Flyunder business case	To be funded from the Planning reserve
Planning	Planning - Additional work to support White City Public Realm	To be funded from the Planning reserve
Total		

Government grant allocations

	2021/22 £000s	2022/23 £000s	2023/24 £000s	Notes
Within government core spending power				
Revenue support grant	17,506	18,046	20,198	Per 2023/24 LGFS, uplift by CPI in 2024/25
New homes bonus	5,274	2,750	1,193	2023/24 LGFS
Compensation for change in business rates multiplier	3,223	5,848	10,931	2023/24 LGFS
Social care support	7,994	10,717	17,280	2023/24 LGFS
Lower tier services grant	872	937		
Market sustainability and fair cost of care grant		620		Redistributed - see grants outside core spending power below
Services grant		4,264	2,403	
	34,869	43,182	52,005	
Outside core spending power				
Housing benefit administration	966	966	985	2023/24 allocation to be confirmed, uplift assumed of 2%
Localised council tax support administration	312	312		Now allocated within Revenue Support Grant
Independent living fund	772	772		Now allocated within Social Care Grant
Total General Grants	36,919	45,232	52,990	
Core Revenue Grants Excluding RSG	19,413	27,186	32,792	
Grants allocated to departmental budgets				
Within government core spending power				
Better care fund	9,732	10,027	10,027	Passported to Social Care
ASC Discharge Fund	-	-	1,406	New grant funding ringfenced for Adult Social Care - £300m nationally
ASC Market Sustainability and Improvement Fund	-		2,151	New grant ringfenced for Adult Social Care - 2023/24 includes £620k Market Sustainability and Fair Cost of Funding received in 2022/23
Outside core spending power				
Homelessness prevention	3,774	3,823	3,851	Allocation confirmed for 2023/24
Rough Sleeping Initiative (RSI) Fund	997			
Public Health	22,624	23,234	23,699	2023/24 allocation to be confirmed, freeze assumed
Supporting Families	805	805	TBC	Previously troubled families grant, 2023/24 allocation to be confirmed
War pensions disregard	12	12	12	2022/23 allocation to be confirmed, freeze assumed
Total Grants Within Government Core Spending Power	37,944	37,901	41,146	
Year on year variance		- 43	3,245	

Hammersmith & Fulham Fees & Charges

2023/24

Social Care Fees & Charges

2023/24

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23	Total Estimated Income Stream for 2023/24	Reason For Variation Not At Standard Rate
Meals service charges	£2.00	£2.00	→ 0%	£54,100	£54,100	There is no change proposed in the flat rate contribution residents will pay towards the meal service for 2023/24. This will be 8 years the meals charge will remain unchanged. The meals and chat service has led to a model of local providers offering a combination of standard fresh, chilled and ethnically diverse food options. Meal volumes have stabilised this year and the number of residents regularly receiving meals is between 70 to 80 each month.
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 2023/24, which means there has been no increase for 7 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	

Environment Department Fees & Charges

Exceptions to the standard 10% uplift

2023/24

THE ENVIRONMENT DEPARTMENT - NON STANDARD CHANGES TO FEES AND CHARGES FOR 2023/24

COMMUNITY SAFETY

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23	Total Estimated Income Stream for 2023/24	Reason For Variation Not At Standard Rate
Stray Dog Statutory Fee	£25.00	£25.00	£0.00	→ 0%			Statutory fee, unable to be influenced

LICENSING

ANIMAL LICENCES - Part A Application Fees				
Animal Boarding Establishments - dogs & cats (NEW)	£520.10	£530.50	£10.40	↑ 2%
Animal Boarding Establishments - dogs & cats (RENEWAL)	£383.70	£391.40	£7.65	↑ 2%
Dog breeding kennels (NEW)	£528.45	£539.00	£10.55	↑ 2%
Dog breeding kennels (RENEWAL)	£384.85	£392.50	£7.70	↑ 2%
Dog breeding - Domestic (NEW)	£449.80	£458.80	£9.00	↑ 2%
Dog breeding - Domestic (RENEWAL)	£308.25	£314.40	£6.15	↑ 2%
Animal Boarding Establishments - single species (NEW)	£441.45	£450.30	£8.85	↑ 2%
Animal Boarding Establishments - single species - renewal	£308.25	£314.40	£6.15	↑ 2%
Dangerous Wild Animals (NEW - Commercial)	£528.45	£539.00	£10.55	↑ 2%
Dangerous Wild Animals (RENEWAL - Commercial)	£386.90	£394.60	£7.75	↑ 2%
Dangerous Wild Animals (NEW - Domestic)	£449.80	£458.80	£9.00	↑ 2%
Dangerous Wild Animals (RENEWAL - Domestic)	£308.25	£314.40	£6.15	↑ 2%
Performing Animals (NEW)	£359.65	£366.80	£7.20	↑ 2%
Performing Animals (RENEWAL)	£294.70	£300.60	£5.90	↑ 2%
Pet Sales (NEW)	£520.10	£530.50	£10.40	↑ 2%
Pet Sales (RENEWAL)	£384.85	£392.50	£7.70	↑ 2%
Riding Establishments (based on 1 - 21 horses)	£692.05	£705.90	£13.85	↑ 2%
Home Boarders/daycare (up to 6 dogs)	£344.95	£351.80	£6.90	↑ 2%
Home Boarders/daycare (up to 6 dogs) renewal	£245.40	£250.30	£4.90	↑ 2%
Dog Day Care (NEW)	£344.95	£351.80	£6.90	↑ 2%
Dog Day Care (RENEWAL)	£308.25	£314.40	£6.15	↑ 2%
EXPLOSIVES LICENSES - Licence to store explosives where a minimum separation distance of greater than 0 metres is prescribed:				
New Licence				
A) One year duration	£185.00	£185.00	£0.00	→ 0%
B) Two year duration	£243.00	£243.00	£0.00	→ 0%
C) Three year duration	£304.00	£304.00	£0.00	→ 0%
D) Four year duration	£374.00	£374.00	£0.00	→ 0%
E) Five year duration	£423.00	£423.00	£0.00	→ 0%
Licence Renewal				
A) One year duration	£86.00	£86.00	£0.00	→ 0%
B) Two year duration	£147.00	£147.00	£0.00	→ 0%
C) Three year duration	£206.00	£206.00	£0.00	→ 0%
D) Four year duration	£266.00	£266.00	£0.00	→ 0%
E) Five year duration	£326.00	£326.00	£0.00	→ 0%

For Part A, Council can only charge the fees set by City of London

Statutory fees unable to be influenced

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23	Total Estimated Income Stream for 2023/24	Reason For Variation Not At Standard Rate
EXPLOSIVES LICENSES - Licence to store explosives where no minimum separation distance or a 0 metres minimum separation distance is prescribed:							
New Licence							
A) One year duration	£109.00	£109.00	£0.00	→ 0%			
B) Two year duration	£141.00	£141.00	£0.00	→ 0%			
C) Three year duration	£173.00	£173.00	£0.00	→ 0%			
D) Four year duration	£206.00	£206.00	£0.00	→ 0%			
E) Five year duration	£238.00	£238.00	£0.00	→ 0%			
Licence Renewal							
A) One year duration	£54.00	£54.00	£0.00	→ 0%			
B) Two year duration	£86.00	£86.00	£0.00	→ 0%			
C) Three year duration	£120.00	£120.00	£0.00	→ 0%			
D) Four year duration	£152.00	£152.00	£0.00	→ 0%			
E) Five year duration	£185.00	£185.00	£0.00	→ 0%			
ALCOHOL AND DRUGS LICENSES - Based on rateable values of properties							
Schedule 2 - Premises Licences and Club Premises Certificates							
A - No rateable value to £4300	£100.00	£100.00	£0.00	→ 0%			
B - £4301 to £33,000	£190.00	£190.00	£0.00	→ 0%			
C - £33,001 to £87,000	£315.00	£315.00	£0.00	→ 0%			
D - £87,001 to £125,000	£450.00	£450.00	£0.00	→ 0%			
E - £125,001 and above	£635.00	£635.00	£0.00	→ 0%			
*Multiplier applied to premises used exclusively or primarily for the supply of alcohol for consumption on the premises (Bands D & E only)							
Rateable Value Band D - £87,001 to £125,000 (x2)	£900.00	£900.00	£0.00	→ 0%			
Rateable Value Band E - £125,001 and above (x3)	£1,905.00	£1,905.00	£0.00	→ 0%			
Schedule 3 - Additional Fee for New Application and Variation for Large Scale Events							
5,000 to 9,999	£1,000.00	£1,000.00	£0.00	→ 0%			
10,000 to 14,999	£2,000.00	£2,000.00	£0.00	→ 0%			
15,000 to 19,999	£4,000.00	£4,000.00	£0.00	→ 0%			
20,000 to 29,999	£8,000.00	£8,000.00	£0.00	→ 0%			
30,000 to 39,999	£16,000.00	£16,000.00	£0.00	→ 0%			
40,000 to 49,999	£24,000.00	£24,000.00	£0.00	→ 0%			
50,000 to 59,999	£32,000.00	£32,000.00	£0.00	→ 0%			
60,000 to 69,999	£40,000.00	£40,000.00	£0.00	→ 0%			
70,000 to 79,999	£48,000.00	£48,000.00	£0.00	→ 0%			
80,000 to 89,999	£56,000.00	£56,000.00	£0.00	→ 0%			
90,000 and over	£64,000.00	£64,000.00	£0.00	→ 0%			

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23	Total Estimated Income Stream for 2023/24	Reason For Variation Not At Standard Rate
Schedule 4 - Variation Fee in Transition					£556,800	£578,000	Statutory fees unable to be influenced
Rateable Value Band A	£20.00	£20.00	£0.00	→ 0%			
Rateable Value Band B	£60.00	£60.00	£0.00	→ 0%			
Rateable Value Band C	£80.00	£80.00	£0.00	→ 0%			
Rateable Value Band D	£100.00	£100.00	£0.00	→ 0%			
Rateable Value Band E	£120.00	£120.00	£0.00	→ 0%			
Schedule 5 -Annual Fee							
Rateable Value Band A	£70.00	£70.00	£0.00	→ 0%			
Rateable Value Band B	£180.00	£180.00	£0.00	→ 0%			
Rateable Value Band C	£295.00	£295.00	£0.00	→ 0%			
Rateable Value Band D*	£320.00	£320.00	£0.00	→ 0%			
Rateable Value Band E*	£350.00	£350.00	£0.00	→ 0%			
<i>*Annual charge multiplier applied to premises used exclusively or primarily for the supply of alcohol for consumption on the premises (Bands D&E only)</i>							
Rateable Value Band D (x2)	£640.00	£640.00	£0.00	→ 0%			
Rateable Value Band E (x3)	£1,050.00	£1,050.00	£0.00	→ 0%			
Additional Annual Fees for Large Scale Events							
5,000 to 9,999	£500.00	£500.00	£0.00	→ 0%			
10,000 to 14,999	£1,000.00	£1,000.00	£0.00	→ 0%			
15,000 to 19,999	£2,000.00	£2,000.00	£0.00	→ 0%			
20,000 to 29,999	£4,000.00	£4,000.00	£0.00	→ 0%			
30,000 to 39,999	£8,000.00	£8,000.00	£0.00	→ 0%			
40,000 to 49,999	£12,000.00	£12,000.00	£0.00	→ 0%			
50,000 to 59,999	£16,000.00	£16,000.00	£0.00	→ 0%			
60,000 to 69,999	£20,000.00	£20,000.00	£0.00	→ 0%			
70,000 to 79,999	£24,000.00	£24,000.00	£0.00	→ 0%			
80,000 to 89,999	£28,000.00	£28,000.00	£0.00	→ 0%			
90,000 and over	£32,000.00	£32,000.00	£0.00	→ 0%			

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23	Total Estimated Income Stream for 2023/24	Reason For Variation Not At Standard Rate
<u>Schedule 6 - Permitted Temporary Activities, Personal Licences and Miscellaneous</u>							
section 25 (theft, loss, etc. of premises licence or summary)	£10.50	£10.50	£0.00	➡ 0%			
section 29 (application for a provisional statement where premises being built, etc.)	£315.00	£315.00	£0.00	➡ 0%			
section 33 (notification of change of name or address)	£10.50	£10.50	£0.00	➡ 0%			
section 37 (application to vary licence to specify individual as premises supervisor)	£23.00	£23.00	£0.00	➡ 0%			
section 42 (application for transfer of premises licence)	£23.00	£23.00	£0.00	➡ 0%			
section 47 (interim authority notice following death etc. of licence holder)	£23.00	£23.00	£0.00	➡ 0%			
section 79 (theft, loss etc. of certificate or summary)	£10.50	£10.50	£0.00	➡ 0%			
section 82 (notification of change of name or alteration of rules of club)	£10.50	£10.50	£0.00	➡ 0%			
section 83(1) or (2) (change of relevant registered address of club)	£10.50	£10.50	£0.00	➡ 0%			
section 100 (temporary event notice)	£21.00	£21.00	£0.00	➡ 0%			
section 110 (theft, loss etc. of temporary event notice)	£10.50	£10.50	£0.00	➡ 0%			
section 117 (application for a grant or renewal of personal licence)	£37.00	£37.00	£0.00	➡ 0%			
section 126 (theft, loss etc. of personal licence)	£10.50	£10.50	£0.00	➡ 0%			
section 127 (duty to notify change of name or address)	£10.50	£10.50	£0.00	➡ 0%			
section 178 (right of freeholder etc. to be notified of licensing matters)	£21.00	£21.00	£0.00	➡ 0%			
<u>Schedule 7 - Additional Premises fees</u>							
D (x2) Main Fee	£900.00	£900.00	£0.00	➡ 0%			
D (x2) Annual Charge	£640.00	£640.00	£0.00	➡ 0%			
E (x3) Main Fee	£1,905.00	£1,905.00	£0.00	➡ 0%			
E (x3) Annual Charge	£1,050.00	£1,050.00	£0.00	➡ 0%			
<u>Schedule 8 - Temporary Events</u>							
Temporary Event Notice	£21.00	£21.00	£0.00	➡ 0%			
Theft, loss etc. of personal licence	£10.50	£10.50	£0.00	➡ 0%			

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23	Total Estimated Income Stream for 2023/24	Reason For Variation Not At Standard Rate
GAMBLING PREMISES LICENSES							
APPLICATIONS (PART A)							
<u>Adult Gaming Centre</u>							
Provisional Statement	£2,000.00	£2,000.00	£0.00	→ 0%			
New Grant	£2,000.00	£2,000.00	£0.00	→ 0%			
Variation	£1,000.00	£1,000.00	£0.00	→ 0%			
<u>Family Entertainment Centre (++)</u>							
Provisional Statement	£2,000.00	£2,000.00	£0.00	→ 0%			
New Grant	£2,000.00	£2,000.00	£0.00	→ 0%			
<u>Fees</u>							
Copy of a licence	£25.00	£25.00	£0.00	→ 0%			
Minor changes	£50.00	£50.00	£0.00	→ 0%			
ANNUAL FEES (PART B)							
<u>Family Entertainment Centre (++)</u>							
Annual	£750.00	£750.00	£0.00	→ 0%			
Seasonal – per month	£150.00	£150.00	£0.00	→ 0%			
GAMBLING REGULATION - PERMITS							
<u>Prize Gaming Permit</u>							
New	£300.00	£300.00	£0.00	→ 0%			
Existing operator conversion	£100.00	£100.00	£0.00	→ 0%			
Renewal	£300.00	£300.00	£0.00	→ 0%			
New name	£25.00	£25.00	£0.00	→ 0%			
Copy	£15.00	£15.00	£0.00	→ 0%			
<u>Family Entertainment Centre Permit</u>							
New	£300.00	£300.00	£0.00	→ 0%			
Existing operator conversion	£100.00	£100.00	£0.00	→ 0%			
Renewal	£300.00	£300.00	£0.00	→ 0%			
New name	£25.00	£25.00	£0.00	→ 0%			
Copy	£15.00	£15.00	£0.00	→ 0%			
Licensed Premises Notification (New)	£50.00	£50.00	£0.00	→ 0%			Statutory fees unable to be influenced

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23	Total Estimated Income Stream for 2023/24	Reason For Variation Not At Standard Rate
<u>Licensed Premises Permit</u>							
New	£150.00	£150.00	£0.00	→ 0%			
Annual Fee	£50.00	£50.00	£0.00	→ 0%			
Existing operator conversion	£100.00	£100.00	£0.00	→ 0%			
New name	£25.00	£25.00	£0.00	→ 0%			
Copy	£15.00	£15.00	£0.00	→ 0%			
Transfer	£25.00	£25.00	£0.00	→ 0%			
Variation	£100.00	£100.00	£0.00	→ 0%			
<u>Club Gaming Permit</u>							
New	£200.00	£200.00	£0.00	→ 0%			
Annual Fee	£50.00	£50.00	£0.00	→ 0%			
Existing operator conversion	£100.00	£100.00	£0.00	→ 0%			
Copy	£15.00	£15.00	£0.00	→ 0%			
Variation	£100.00	£100.00	£0.00	→ 0%			
<u>Club Machine Permit</u>							
New	£200.00	£200.00	£0.00	→ 0%			
Annual Fee	£50.00	£50.00	£0.00	→ 0%			
Existing operator conversion	£100.00	£100.00	£0.00	→ 0%			
Copy	£15.00	£15.00	£0.00	→ 0%			
Variation	£100.00	£100.00	£0.00	→ 0%			
<u>Small Society Lottery Registration</u>							
New	£40.00	£40.00	£0.00	→ 0%			
Annual Fee	£20.00	£20.00	£0.00	→ 0%			

STREET TRADING

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23	Total Estimated Income Stream for 2023/24	Reason For Variation Not At Standard Rate
Fixed Penalty Notices (FPN) - Contravention of street trading licence or temporary licence fine (LLAA01) <i>(The max. fine of court proceedings is £1,000)</i>	£100.00	£100.00	£0.00	→ 0%	£0	£0	Statutory fees unable to be influenced. Not budgeted for
Fixed Penalty Notices (FPN) - Unlicensed street trading (LLAA02) <i>(The max. fine of court proceedings is £1,000)</i>	£150.00	£150.00	£0.00	→ 0%			

PRIVATE SECTOR HOUSING - House of Multiple Occupancy (HMO) Licences

<u>Mandatory HMO Licence</u>					£989,900	£1,005,000	Current charges are considered adequate to cover service provision costs
HMO Licence Fee (Standard 5 year licence)	£1,300.00	£1,300.00	£0.00	→ 0%			
Additional Charge per Habitable Room	£160.00	£160.00	£0.00	→ 0%			
HMO Licence Fee (Reduced 2 year licence)	£1,300.00	£1,300.00	£0.00	→ 0%			
Additional Charge per Habitable Room	£160.00	£160.00	£0.00	→ 0%			
<u>Non-mandatory HMO Licence</u>							
Additional Licence	£560.00	£560.00	£0.00	→ 0%			
Selective Licence	£560.00	£560.00	£0.00	→ 0%			
Note - Discounts are applied to HMO Licences as follows: • £80 discount where the licence holder and/or the manager is a member of an accredited landlord body such as NLA, RLA or LLAS • £50 discount where the licence holder has signed up to the Hammersmith & Fulham Landlords Charter (You can sign up to the landlord's rental charter as part of the application process) N.B. Only one discount is applied per licence - the greater in value is applied							
<u>Additional Costs</u>							
Penalty Charge Notice for non-compliance with a Remedial Notice	£5,000.00	£5,000.00	£0.00	→ 0%			

BUILDING CONTROL

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23	Total Estimated Income Stream for 2023/24	Reason For Variation Not At Standard Rate
a) Domestic extensions and loft conversions to single dwellings							
10m ² and under	624.40	624.40	£0.00	→ 0%			
40m ² and under	926.40	926.40	£0.00	→ 0%			
60m ² and under	1235.30	1235.30	£0.00	→ 0%			
Over 60m ²	Individually assessed fee quote	Individually assessed fee quote					
b) Detached garages/ carports							
40m ² and under	307.90	307.90	0.00	→ 0.0%			
Over 40m ²	Individually assessed fee quote	Individually assessed fee quote					
c) Replacement windows carried out on its own (not part of a larger project) and not installed under a Competent Persons Scheme							
Up to 5 windows	201.40	201.40	£0.00	→ 0%			
Up to 10 windows	402.80	402.80	£0.00	→ 0%			
Every additional 5 windows	201.40	201.40	£0.00	→ 0%			
d) Underpinning							
Up to 10m	1007.10	1007.10	£0.00	→ 0%			
Over 10m in length	Individually assessed fee quote	Individually assessed fee quote					
e) Domestic Basement Extensions							
10m ²	1007.10	1007.10	£0.00	→ 0%			
10-40m ²	1678.50	1678.50	£0.00	→ 0%			
40-60m ²	2215.50	2215.50	£0.00	→ 0%			
Over 60m ²	Individually assessed fee quote	Individually assessed fee quote					

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23	Total Estimated Income Stream for 2023/24	Reason For Variation Not At Standard Rate
f) Domestic Electrical Wiring carried out on its own (not part of a larger project) and not installed under a Competent Persons Scheme					£686,000	£715,900	Current charges are considered adequate to cover service provision costs
Per dwelling	268.60	268.60	£0.00	→ 0%			
Flats (DOMF)							
1-10	805.60	805.60	£0.00	→ 0%			
	Individually assessed fee quote	Individually assessed fee quote					
11 flats and over							
Houses (up to 300m2) (DOMH)							
1	973.50	973.50	£0.00	→ 0%			
2	1779.10	1779.10	£0.00	→ 0%			
			£0.00	→ 0%			
3	2584.70	2584.70					
4	3390.30	3390.30	£0.00	→ 0%			
5	4195.90	4195.90	£0.00	→ 0%			
6	5001.50	5001.50	£0.00	→ 0%			
7	5807.20	5807.20	£0.00	→ 0%			
8	6612.70	6612.70	£0.00	→ 0%			
9	7418.40	7418.40	£0.00	→ 0%			
10	8224.00	8224.00	£0.00	→ 0%			
	Individually assessed fee quote	Individually assessed fee quote					
11 houses and over							

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23	Total Estimated Income Stream for 2023/24	Reason For Variation Not At Standard Rate
K) Other Work: Estimated cost of Building Work (excluding VAT) (£)							
0 - 2,000	306.20	306.20	£0.00	→ 0%			
2,001 - 5,000	512.40	512.40	£0.00	→ 0%			
5,001 - 6,000	538.90	538.90	£0.00	→ 0%			
6,001 - 7,000	565.60	565.60	£0.00	→ 0%			
7,001 - 8,000	592.20	592.20	£0.00	→ 0%			
8,001 - 9,000	618.80	618.80	£0.00	→ 0%			
9,001 - 10,000	645.40	645.40	£0.00	→ 0%			
10,001 - 11,000	672.10	672.10	£0.00	→ 0%			
11,001 - 12,000	698.60	698.60	£0.00	→ 0%			
12,001 - 13,000	725.30	725.30	£0.00	→ 0%			
13,001 - 14,000	751.90	751.90	£0.00	→ 0%			
14,001 - 15,000	778.50	778.50	£0.00	→ 0%			
15,001 - 16,000	805.10	805.10	£0.00	→ 0%			
16,001 - 17,000	831.80	831.80	£0.00	→ 0%			
17,001 - 18,000	858.30	858.30	£0.00	→ 0%			
18,001 - 19,000	885.00	885.00	£0.00	→ 0%			
19,001 - 20,000	911.60	911.60	£0.00	→ 0%			
20,001 - 21000	931.60	931.60	£0.00	→ 0%			
21,000 - 100,000	Net Building Notice fee of £945.55 plus £20 for every £1,000 (or part thereof) times 1.224 (VAT not applicable)		£0.00	→ 0%			
100,001 and over	Individually assessed fee quote						

COMMERCIAL WASTE

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23 (£)	Total Estimated Income Stream for 2023/24 (£)	Reason For Variation Not At Standard Rate
Duty of Care Certificate (new and revisions)	£52.00	£75.00	£23.00	↑ 44%	£2,951,300	£3,098,900	Wholly commercial service. The majority of fees and charges are proposed with a 15% uplift (compared to the October 2022 RPI indication of 14.2%). The pricing policy continues to incentivise recycling across all products. The Council offers a more flexible collection service compared to its competitors.
WASTE AND RECYCLING COLLECTIONS - charge per sack/empty							
<i>20% discount applied for charities. Officers can apply discretion over commercial discounts</i>							
Recycling Sacks	£1.80	£2.15	£0.35	↑ 19%			
Waste Sacks	£2.50	£3.00	£0.50	↑ 20%			
360 Ltr Recycling Bin	£6.70	£7.70	£1.00	↑ 15%			
360 Ltr Waste Bin	£11.40	£13.10	£1.70	↑ 15%			
660 Ltr Recycling Bin	£9.50	£10.90	£1.40	↑ 15%			
660 Ltr Waste Bin	£14.90	£17.15	£2.25	↑ 15%			
940 Ltr Waste Bin	£20.70	£23.80	£3.10	↑ 15%			
1100 Ltr Waste Bin	£20.70	£23.80	£3.10	↑ 15%			
1100 Ltr Waste Bin (heavy)	£22.50	£25.90	£3.40	↑ 15%			
1280 Ltr Recycling Bin	£13.90	£16.00	£2.10	↑ 15%			
1280 Ltr Recycling Bin (heavy)	£15.40	£17.70	£2.30	↑ 15%			
Compactors	£488.20	£561.40	£73.20	↑ 15%			
DOMESTIC BIN HIRE - charge per bin per week							
360 Ltr Euro Bin	£1.40	£1.60	£0.20	↑ 14%			
940 Ltr Bin	£2.10	£2.40	£0.30	↑ 14%			
1100 Ltr Euro Bin	£2.70	£3.10	£0.40	↑ 15%			
1280 Ltr Euro Bin	£2.70	£3.10	£0.40	↑ 15%			
CONTAINER REPLACEMENT - charge per bin							
360 Ltr Bin	£122.50	£140.90	£18.40	↑ 15%			
660 Ltr Bin	£325.40	£374.20	£48.80	↑ 15%			
940 Ltr Palladin Bin	£342.50	£393.90	£51.40	↑ 15%			
940 Ltr Chamberlain	£342.50	£393.90	£51.40	↑ 15%			
1100 Ltr Euro Bin	£337.40	£388.00	£50.60	↑ 15%			
1280 Litre Euro Bin	£426.60	£490.50	£63.90	↑ 15%			

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23 (£)	Total Estimated Income Stream for 2023/24 (£)	Reason For Variation Not At Standard Rate
COMMERCIAL RECYCLING CONTAMINATION CHARGE							
Orange Sack - Customer not removing contamination - 1 contaminated sack	£29.20	£35.00	£5.80	↑ 20%			
Orange Sack - Customer not removing contamination - additional sacks	£29.20	£35.00	£5.80	↑ 20%			
360 Ltr Euro Bins - Customer not removing contamination - 1 contaminated container	£29.20	£33.60	£4.40	↑ 15%			
360 Ltr Euro Bins - Customer not removing contamination - additional containers	£29.20	£33.60	£4.40	↑ 15%			
360 Ltr Euro Bins - Customer removes contamination and requires additional collection - 1 contaminated container	£29.20	£33.60	£4.40	↑ 15%			
360 Ltr Euro Bins - Customer removes contamination and requires additional collection - additional containers	£29.20	£33.60	£4.40	↑ 15%			
660 Ltr Euro Bins - Customer not removing contamination - 1 contaminated container	£29.20	£33.60	£4.40	↑ 15%			
660 Ltr Euro Bins - Customer not removing contamination - additional containers	£29.20	£33.60	£4.40	↑ 15%			
660 Ltr Euro Bins - Customer removes contamination and requires additional collection - 1 contaminated container	£29.20	£33.60	£4.40	↑ 15%			
660 Ltr Euro Bins - Customer removes contamination and requires additional collection - additional containers	£29.20	£33.60	£4.40	↑ 15%			
1100 Ltr Euro Bins - Customer not removing contamination - 1 contaminated container	£29.20	£33.60	£4.40	↑ 15%			
1100 Ltr Euro Bins - Customer not removing contamination - additional containers	£29.20	£33.60	£4.40	↑ 15%			
1100 Ltr Euro Bins - Customer removes contamination and requires additional collection - 1 contaminated container	£29.20	£33.60	£4.40	↑ 15%			
1100 Ltr Euro Bins - Customer removes contamination and requires additional collection - additional containers	£29.20	£33.60	£4.40	↑ 15%			
1280 Ltr Euro Bins - Customer not removing contamination - 1 contaminated container	£29.20	£33.60	£4.40	↑ 15%			
1280 Ltr Euro Bins - Customer not removing contamination - additional containers	£29.20	£33.60	£4.40	↑ 15%			
1280 Ltr Euro Bins - Customer removes contamination and requires additional collection - 1 contaminated container	£29.20	£33.60	£4.40	↑ 15%			
1280 Ltr Euro Bins - Customer removes contamination and requires additional collection - additional containers	£29.20	£33.60	£4.40	↑ 15%			

FLEET MANAGEMENT

Parts	Cost + 10.5%	Cost + 10.5%	£0.00	→ 0%	£1,477,300	£1,429,400	The majority of customers are internal to the Council. Current charges are considered reasonable to cover total service costs
Fuel - Diesel / Petrol / LPG	Cost + 10.5%	Cost + 10.5%	£0.00	→ 0%			
Ad Hoc Vehicle Hire	Cost + 10.5%	Cost + 10.5%	£0.00	→ 0%			
Management and Administration Charge	Total Cost (excluding Fuel and NSEs) + 10.5%	Total Cost (excluding Fuel and NSEs) + 10.5%	£0.00	→ 0%			
Labour Rate per hour (prices starting at)	from £60	from £60	£0.00	→ 0%			

HIGHWAYS

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23 (£)	Total Estimated Income Stream for 2023/24 (£)	Reason For Variation Not At Standard Rate
Other							Prices set to encourage prompt removal of obstructions from the highway, in support of our aim to use our limited space in a more community focussed way. Many current charges are less than some outer London boroughs, which have less demand on more space.
Provision of General Highways Information	£389.30	£500.00	£110.70	⬆️ 28%	£30,300	£33,300	
Crossover Application fee	£191.00	£300.00	£109.00	⬆️ 57%			
Canopy Fee - One off charge	£156.70	£300.00	£143.30	⬆️ 91%			
Canopy Fee - Renewal	£79.90	£150.00	£70.10	⬆️ 88%			
Table and Chairs Licences							
Tables and Chairs Licence - Pedestrian Squares	£475.40	£600.00	£124.60	⬆️ 26%	£26,100	£31,600	
Tables and Chairs Licence - Town Centres	£804.50	£900.00	£95.50	⬆️ 12%			
Tables and Chairs Licence - Other streets	£475.40	£600.00	£124.60	⬆️ 26%			
Advertising Board Licence	£124.60	£200.00	£75.40	⬆️ 61%			
Scaffolding / Hoarding Licences							
Damage deposit for all for scaffold & hoarding licences (refundable on completion following verbal or written confirmation & satisfactory site inspection).	£750.00+	£750.00+	£0.00	➡️ 0%	£271,000	£406,500	
Scaffolding / Hoarding Licence (Residential sites measuring up to 10m)	£249.10	£370.00	£120.90	⬆️ 49%			
- Each additional month	£149.50	£225.00	£75.50	⬆️ 51%			
Scaffolding / Hoarding Licence Commercial Single Frontages (and residential sites measuring up to 15m)	£316.60	£475.00	£158.40	⬆️ 50%			
- Each additional month	£207.60	£310.00	£102.40	⬆️ 49%			
Scaffolding / Hoarding Licence (Any site measuring more than 15m)	£663.30	£1,000.00	£336.70	⬆️ 51%			
- Each additional month	£392.40	£590.00	£197.60	⬆️ 50%			
Administration fee - licences required in less than 5 days	£76.80	£115.00	£38.20	⬆️ 50%			
Crane Licences							
Major crane Application	£360.20	£500.00	£139.80	⬆️ 39%	£31,000	£26,700	
Minor Crane Operations	£147.40	£250.00	£102.60	⬆️ 70%	£17,100	£35,600	
Skips & Builder's Materials Licences (14 day duration)							
Damage deposit for skips and builders materials.	£750.00+	£750.00+	£0.00	➡️ 0%			
Skip & Builders' Materials Licences	£83.00	£125.00	£42.00	⬆️ 51%	£32,700	£79,300	
- Each additional month	£83.00	£125.00	£42.00	⬆️ 51%			
Applications for highway licences, where applicable, also require payment for the suspension of a parking bay							

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23 (£)	Total Estimated Income Stream for 2023/24 (£)	Reason For Variation Not At Standard Rate
Other Highways Licences (14 day duration)							
Magazine Dispensers	£848.00	£1,050.00	£202.00	⬆️ 24%	£20,700	£38,800	
Storage Containers (developments, stadiums, etc.)	£804.50	£1,000.00	£195.50	⬆️ 24%			
Cellar Doors - One off license fee	£316.60	£400.00	£83.40	⬆️ 26%			
Cellar Doors - Renewal fee	£156.70	£200.00	£43.30	⬆️ 28%			
Portaloos	£83.00	£100.00	£17.00	⬆️ 20%			
Site huts	£238.70	£300.00	£61.30	⬆️ 26%			
- Each additional fortnight	£238.70	£300.00	£61.30	⬆️ 26%			
Accident Data	£78.90	£100.00	£21.10	⬆️ 27%			
Call outs (for first day - not including additional costs)	£164.00	£200.00	£36.00	⬆️ 22%			
- Each additional day	£60.20	£75.00	£14.80	⬆️ 25%			
Highways Inspection Data							
Application	£332.20	£500.00	£167.80	⬆️ 51%			
Highways Land Enquires							
Text Based	£63.00	£100.00	£37.00	⬆️ 59%	£17,100	£30,000	
Drawing	£114.00	£200.00	£86.00	⬆️ 75%			
Costs of Traffic Surveys							
4 Arm Junction	£475.40	£700.00	£224.60	⬆️ 47%			
Single Carriageway	£475.40	£700.00	£224.60	⬆️ 47%			
Other Junctions	£475.40	£700.00	£224.60	⬆️ 47%			
Street Naming and Numbering							
Initial new addressable Unit	£166.10	£200.00	£33.90	⬆️ 20%	£61,500	£76,900	
Additional Addressable Unit	£56.10	£70.00	£13.90	⬆️ 25%			
New building name	£112.10	£140.00	£27.90	⬆️ 25%			
New Street name	£112.10	£140.00	£27.90	⬆️ 25%			
Address verification	£71.60	£90.00	£18.40	⬆️ 26%			
Copies of Documentation	£38.40	£50.00	£11.60	⬆️ 30%			
Research Time	£71.60	£90.00	£18.40	⬆️ 26%			
ENVIRONMENTAL QUALITY							
Demolition Notice S80 Building Act (VAT not included)	£176.60	£300.00	£123.40	⬆️ 70%	£10,960	£24,600	Low level of demand
Environmental Searches for Contaminated Land Enquiries (Environmental Information Regulations 2004)							
Residential Property*	£64.50	£200.00	£135.50	⬆️ 210%			
Commercial Property*	£128.90	£200.00	£71.10	⬆️ 55%			
*A scaled increase is applied to these charges for bespoke searches, large sites or adjacent properties. The Environmental Quality team should be contacted for an estimate in all cases. VAT is not included.							

CEMETERIES

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)	Total Estimated Income Stream for 2022/23 (£)	Total Estimated Income Stream for 2023/24 (£)	Reason For Variation Not At Standard Rate
GRAVE PURCHASE - HAMMERSMITH & FULHAM					£912,100	£935,000	Proposals consider benchmarking with other boroughs (current prices are much lower than neighbouring boroughs), costs of providing services (such as additional space/preparation costs required for large caskets, and discounted grave maintenance costs for pensioners), and service impact (such as the proposed new charge for late arrival to the chapel, to encourage funeral directors to arrive promptly for services and help to prevent services overlapping)
Grave Purchase & Grant - North Sheen / Mortlake - Resident	£2,444.00	£3,055.00	£611.00	↑ 25%			
Grave Purchase & Grant - North Sheen / Mortlake - Non Resident	£4,888.00	£6,110.00	£1,222.00	↑ 25%			
INTERMENT & REOPENING OF GRAVES							
<i>The interment cost for residents' children up to 18 years of age are waived</i>							
Additional charge for casket over 6'8" long or over 26" wide Resident	£2,444.00	£3,055.00	£611.00	↑ 25%			
Additional charge for casket over 6'8" long or over 26" wide non resident	£4,888.00	£6,110.00	£1,222.00	↑ 25%			
INTERMENT OF CREMATED REMAINS							
<i>The interment cost for residents' children up to 18 years of age are waived</i>							
Grave Purchase & Reserve - Resident	£1,397.65	£1,628.00	£230.35	↑ 16%			
Grave Purchase and Grant - Resident	£698.05	£814.00	£115.95	↑ 17%			
Scattering of Ashes - Resident	£94.45	£120.00	£25.55	↑ 27%			
EXHUMATIONS (Includes VAT at 20%)							
Standard Charge (Coffin or Casket) - Resident	POA + Admin	POA + Admin	POA + Admin	→ 0%			
Standard Charge (Coffin or Casket) - Non Resident	POA + Admin	POA + Admin	POA + Admin	→ 0%			
Disinterment of Cremated Remains - Resident	POA + Admin	POA + Admin	POA + Admin	→ 0%			
Disinterment of Cremated Remains - Non Resident	POA + Admin	POA + Admin	POA + Admin	→ 0%			
REGISTER SEARCH FEE							
Per Search	£0.00	£0.00	£0.00	→ 0%			
Certified copy of entry	£0.00	£0.00	£0.00	→ 0%			
USE OF CHAPEL (Per Hour)							
Standard Hours (Monday - Friday 10am-4pm)	£107.43	£120.00	£12.57	↑ 12%			
Out of Hours (Weekdays After 4pm / Saturdays / Bank Holidays). 24 Hours Notice Required	£107.43	£120.00	£12.57	↑ 12%			
Late arrival fee	N/A	£240.00	£0.00	New			
MAINTENANCE OF GRAVES & MEMORIALS							
Grave Planting and Maintenance (Per annum/per grave space)							
Full Maintenance	£195.65	£215.20	£19.55	↑ 10%			
Full Maintenance - Pensioners	£49.00	£100.00	£51.00	↑ 104%			

The Economy Department Fees & Charges

Exceptions to the standard 10% uplift

2023/24

PLANNING

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)	Proposed Variation (£)	Proposed Variation (%)
Planning Forum	£1,158	£1,216	£57.90	↑ 5%
Planning History Search	£115	£121	£5.77	↑ 5%
Documents	£24	£25	£1.19	↑ 5%
Withdrawal of any Enforcement Notice	£521	£547	£26.04	↑ 5%

Fee Description	2022/23 Charge (£)	2023/24 Charge (£)
Alterations/ additions to existing dwellings	£206.00 for each dwellinghouse	£206.00 for each dwellinghouse
Erection of dwellings	£462.00 for each dwellinghouse (up to a maximum of £300,000.00).	£462.00 for each dwellinghouse (up to a maximum of £300,000.00).
Erection of other buildings	£234.00 for less than 40 square metres additional floor space	£234.00 for less than 40 square metres additional floor space
	£462 for greater than 40 square metres but less than 75 square metres	£462 for greater than 40 square metres but less than 75 square metres
	£462 for each additional 75 square metres	£462 for each additional 75 square metres
Subdivision of dwellings (flat conversions)	£462 for each additional dwelling (maximum of £300,000.00)	£462 for each additional dwelling (maximum of £300,000.00)
Other operations	£234	£234
Other changes of use	£462	£462
Renewal of unimplemented planning permission (Statutory time limit unexpired)	£234	£234
Outline applications	£462.00 (maximum £150,000.00)	£462.00 (maximum £150,000.00)
Lawful Development Certificates Existing use of development	Same fee as for an equivalent planning application.	Same fee as for an equivalent planning application.
Existing use or development (in breach of condition)	£234	£234

Proposed use or development	Half the fee for an equivalent planning application	Half the fee for an equivalent planning application
Advertisements		
Relating to business on the premises	£132	£132
Advance signs directing the public	£132	£132
All other advertisements	£462	£462
Exemptions		
Works to improve access to public building for people with disabilities or to improve their access, safety, healthy or comfort at their dwelling house	No Fee	No Fee
Application required because of article4 direction	No Fee	No Fee
Application required because of article4 direction	No Fee	No Fee
Application required because of article4 direction	No Fee	No Fee

Householder Applications		
Alterations/extensions to a single dwellinghouse , including works within boundary	Single dwellinghouse	£206
Outline Applications		
Site area	Not more than 2.5 hectares	£462 for each 0.1 hectare (or part thereof)
	More than 2.5 hectares	£11,432 + £138 for each additional 0.1 hectare (or part thereof) in excess of 2.5 hectares Maximum fee of £150,000
Full Applications (and First Submissions of Reserved Matters; or Technical Details Consent)		
Alterations/extensions to dwellinghouses , including works within boundaries	Single dwellinghouse (or single flat)	£206
	Two or more dwellinghouses (or two or more flats)	£407
New dwellinghouses	Not more than 50 dwellinghouses	£462 for each dwellinghouse
	More than 50 dwellinghouses	£22,859 + £138 for each additional dwellinghouse in excess of 50 Maximum fee of £300,000

Full Applications (and First Submissions of Reserved Matters; or Technical Details Consent) continued...		
Erection of buildings (not dwellinghouses, agricultural, glasshouses, plant nor machinery)		
Gross floor space to be created by the development	No increase in gross floor space or no more than 40 square metres	£234
	More than 40 square metres but no more than 75 square metres	£462
	More than 75 square metres but no more than 3,750 square metres	£462 for each 75 square metres (or part thereof)
	More than 3,750 square metres	£22,859 + £138 for each additional 75 square metres (or part thereof) in excess of 3,750 square metres Maximum fee of £300,000
The erection of buildings (on land used for agriculture for agricultural purposes)		
Gross floor space to be created by the development	Not more than 465 square metres	£96
	More than 465 square metres but not more than 540 square metres	£462
	More than 540 square metres but not more than 4,215 square metres	£462 for first 540 square metres + £462 for each additional 75 square metres (or part thereof) in excess of 540 square metres
	More than 4,215 square metres	£22,859 + £138 for each additional 75 square metres (or part thereof) in excess of 4,215 square metres Maximum fee of £300,000

Full Applications (and First Submissions of Reserved Matters; or Technical Details Consent) continued...		
Erection of glasshouses (on land used for the purposes of agriculture)		
Gross floor space to be created by the development	Not more than 465 square metres	£96
	More than 465 square metres	£2,580
Erection/alterations/replacement of plant and machinery		
Site area	Not more than 5 hectares	£462 for each 0.1 hectare (or part thereof)
	More than 5 hectares	£22,859 + £138 for each additional 0.1 hectare (or part thereof) in excess of 5 hectares Maximum fee of £300,000
Applications other than Building Works		
Car parks, service roads or other accesses	For existing uses	£234
Waste (Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals)		
Site area	Not more than 15 hectares	£234 for each 0.1 hectare (or part thereof)
	More than 15 hectares	£34,934 + £138 for each additional 0.1 hectare (or part thereof) in excess of 15 hectares Maximum fee of £78,000
Operations connected with exploratory drilling for oil or natural gas		
Site area	Not more than 7.5 hectares	£508 for each 0.1 hectare (or part thereof)
	More than 7.5 hectares	£38,070 + £151 for each additional 0.1 hectare (or part thereof) in excess of 7.5 hectares. Maximum fee of £300,000

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Full Applications (and First Submissions of Reserved Matters; or Technical Details Consent) continued...		
Applications other than Building Works continued...		
Operations (other than exploratory drilling) for the winning and working of oil or natural gas		
Site area	Not more than 15 hectares	£257 for each 0.1 hectare (or part thereof)
	More than 15 hectares	£38,520 + additional £151 for each 0.1 hectare in excess of 15 hectares Maximum fee of £78,000
Other operations (winning and working of minerals) excluding oil and natural gas		
Site area	Not more than 15 hectares	£234 for each 0.1 hectare (or part thereof)
	More than 15 hectares	£34,934 + additional £138 for each 0.1 hectare in excess of 15 hectares Maximum fee of £78,000
Other operations (not coming within any of the above categories)		
Site area	Any site area	£234 for each 0.1 hectare (or part thereof) Maximum fee of £2,028
Change of Use of a building to use as one or more separate dwellinghouses, or other cases		
Number of dwellinghouses	Not more than 50 dwellinghouses	£462 for each dwellinghouse
	More than 50 dwellinghouses	£22,859 + £138 for each additional dwellinghouse in excess of 50 Maximum fee of £300,000
Other Changes of Use of a building or land		£462
Lawful Development Certificate		
Existing use or operation		Same as Full
Existing use or operation - lawful not to comply with any condition or limitation		£234
Proposed use or operation		Half the normal planning fee.

Prior Approval (under Permitted Development rights)	
Larger Home Extensions (from 19 August 2019)	£96
Additional storeys on a home (from 30 July 2021)	£96
Agricultural and Forestry buildings & operations	£96
Demolition of buildings	£96
Communications (previously referred to as 'Telecommunications Code Systems Operators')	£462
Change of use from Commercial/Business/Service (Use Class E), or Betting Office or Pay Day Loan Shop to mixed use including up to two flats (Use Class C3) (from 1 August 2021)	£96
Change of Use of a building and any land within its curtilage from Commercial/Business/Service (Use Class E), Hotels (Use Class C1), Residential Institutions (Use Class C2), Secure Residential Institutions (Use Class C2A) to a State Funded School	£96
Change of Use of a building and any land within its curtilage from an Agricultural Building to a State-Funded School	£96
Change of Use of a building and any land within its curtilage from an Agricultural Building to a flexible commercial use within Commercial/Business/Service (Use Class E), Storage or Distribution (Use Class B8), or Hotels (Use Class C1)	£96
Change of Use of a building and any land within its curtilage from Commercial/Business/Service (Use Class E) to Dwellinghouses (Use Class C3) (from 30 July 2021)	£100 for each dwellinghouse
Change of Use of a building and any land within its curtilage from an Agricultural Building to Dwellinghouses (Use Class C3)	£96; or
	£206 if it includes building operations in connection with the change of use
Change of use of a building from Betting Office, Pay Day Loan Shop, Launderette; a mixed use combining one of these uses and use as Dwellinghouse(s); or Hot Food Takeaways to Dwellinghouses (Use Class C3)	£96; or
	£206 if it includes building operations in connection with the change of use
Change of Use of a building and any land within its curtilage from Amusement Arcades/Centres and Casinos to Dwellinghouses (Use Class C3)	£96; or
	£206 if it includes building operations in connection with the change of use

Prior Approval (under Permitted Development rights) continued...

Change of Use of a building from Shops (Use Class A1), Financial and Professional Services (Use Class A2), Betting Offices, Pay Day Loan Shops and Casinos to Restaurants and Cafés (Use Class A3) (redundant from 1 August 2021)		£96; or £206 if it includes building operations in connection with the change of use
Change of Use of a building from Shops (Use Class A1) and Financial and Professional Services (Use Class A2), Betting Offices, Pay Day Loan Shops to Assembly and Leisure Uses (Use Class D2) (redundant from 1 August 2021)		£96
Change of Use from Shops (Use Class A1), Professional and Financial Services (Use Class A2), Takeaways (Use Class A5), Betting Offices, Pay Day Loan Shops or Launderettes to Offices (Use Class B1a) (redundant from 1 August 2021)		£96
Temporary Use of Buildings or Land for the Purpose of Commercial Film-Making and the Associated Temporary Structures, Works, Plant or Machinery required in Connection with that Use		£96
Provision of Temporary School Buildings on Vacant Commercial Land and the use of that land as a State-funded School for up to 3 Academic Years		£96
Development Consisting of the Erection or Construction of a Collection Facility within the Curtilage of a Shop		£96
Installation, Alteration or Replacement of other Solar Photovoltaics (PV) equipment on the Roofs of Non-domestic Buildings, up to a Capacity of 1 Megawatt		£96
Erection, extension, or alteration of a university building (from 21 April 2021)		£96
Movable structure within the curtilage of a historic visitor attraction, or listed pub/restaurant/etc (from 2 January 2022)		£96
Erection, extension or alteration on a closed defence site by or on behalf of the Crown of single living accommodation and/or non-residential buildings (from 11 January 2022)		£0 (no fee set)
Construction of new dwellinghouses (from 2 September 2020)	Not more than 50 dwellinghouses	£334 for each dwellinghouse
	More than 50 dwellinghouses	£16,525 + £100 for each dwellinghouse in excess of 50 Maximum fee of £300,000

Reserved Matters		
Approval of reserved matters following outline approval		Full fee due or if full fee already paid then £462 due
Removal/Variation/Approval/Discharge of condition		
Removal or variation of a condition following grant of planning permission		£234
Discharge of condition(s) – Approval of details and/or confirmation that one or more planning conditions have been complied with	Householder permissions	£34
	All other permissions	£116
Advertising		
Relating to the business on the premises		£132
Advance signs which are not situated on or visible from the site, directing the public to a business		£132
Other advertisements		£462
Non-material Amendment Following a Grant of Planning Permission		
Householder developments		£34
Any other development		£234
Permission in Principle		
Site area		£402 for each 0.1 hectare (or part thereof)

Concessions	
Please note: Not all concessions are valid for all application types. Upon receipt of your application, the local authority will check the fee is correct and if the concession is applicable.	
Exemptions from payment	
An application solely for the alteration or extension of an existing dwellinghouse; or works in the curtilage of an existing dwellinghouse (other than the erection of a dwellinghouse) for the purpose of providing:	
<ul style="list-style-type: none"> • Means of access to or within it for a disabled person who is resident in it, or is proposing to take up residence in it; or • Facilities designed to secure that person's greater safety, health or comfort. 	
An application solely for the carrying out of the operations for the purpose of providing a means of access for disabled persons to or within a building or premises to which members of the public are admitted.	
Listed Building Consent	
Planning permission for relevant demolition in a Conservation Area	
Works to Trees covered by a Tree Preservation Order or in a Conservation Area	
Hedgerow Removal	
If the application is the first revision of an application for development of the same character or description on the same site by the same applicant:	
<ul style="list-style-type: none"> • For a withdrawn application: Within 12 months of the date the application was received • For a determined application: Within 12 months of the date the application was granted, refused or an appeal dismissed • For an application where an appeal was made on the grounds of non-determination: Within 12 months of the period when the giving of notice of a decision on the earlier valid application expired 	
If the application is for a lawful development certificate, for existing use, where an application for planning permission for the same development would be exempt from the need to pay a planning fee under any other planning fee regulation	
If the application is for consent to display an advertisement following either a withdrawal of an earlier application (before notice of decision was issued) or where the application is made following refusal of consent for display of an advertisement, and where the application is made by or on behalf of the same person	
If the application is for consent to display an advertisement which results from a direction under Regulation 7 of the 2007 Regulations, dis-applying deemed consent under Regulation 6 to the advertisement in question	

Concessions continued...

Please note: Not all concessions are valid for all application types. Upon receipt of your application, the local authority will check the fee is correct and if the concession is applicable.

Exemptions from payment continued...

If the application relates to a condition or conditions on an application for Listed Building Consent or planning permission for relevant demolition in a Conservation Area

If the application is for a Certificate of Lawfulness of Proposed Works to a listed building

If an application for planning permission (for which a fee is payable) being made by the same applicant on the same date for the same site, buildings or land as the prior approval application (for larger home extensions, additional storeys on a home, or change of uses)

Reductions to payments

If the application is being made on behalf of a non-profit making sports club for works for playing fields not involving buildings then the fee is £462

If the application is being made on behalf of a parish or community council then the fee is 50%

If the application is an alternative proposal being submitted on the same site by the same applicant on the same day, where this application is of lesser cost then the fee is 50%

In respect of reserved matters you must pay a sum equal to or greater than what would be payable at current rates for approval of all the reserved matters. If this amount has already been paid then the fee is £462

If the application is for a Lawful Development Certificate for a Proposed use or development, then the fee is 50%

If two or more applications are submitted for different proposals on the same day and relating to the same site then you must pay the fee for the highest fee plus half sum of the others

Fees for cross boundary applications

Where an application crosses one or more local or district planning authorities.

- The amount due is usually 150% of the 'single' fee that would have been payable for the proposed development (as if there had only been one application to a single authority covering the entire site); unless
- The 'total' fee (the sum total of each separately calculated fee for each part of the development within each authority's boundary) is smaller. In which case this 'total' fee is the fee due

In either case, the fee should be paid to the authority that contains the larger part of the application site within its boundary.

Draft Equalities Impact Assessment (EIA) 2023/24

Social Care Savings Proposals

Review care costs with NHS as people with very high needs are discharged from hospital – savings proposal of £0.150m

This proposal should have a positive impact on groups that share protected characteristics as ensuring that the discharge of patients to the community, where appropriate, is assisting with a person's independent living. Adult Social Care will negotiate and enter disputes within existing escalation governance Adult Social Care is not bearing NHS costs and operating 'ultra vires'.

Model to further support independent living - savings proposal of £0.250m

It is believed that this proposal has a positive impact on groups that share protected characteristics as the service re-design to promote independent living through implementing therapeutic and strength-based intervention when assessing, care planning and promoting direct payments. This will primarily operate at the 'front door' of Adult Social Care and will be championed by the outstanding Reablement Team

Further increased take-up of Direct Payments for choice and control for residents and increasing wellbeing – savings proposal of £0.200m

It is believed that this proposal has a **positive** impact on groups that share protected characteristics as Direct Payments (DPs) are key enablers for Independent Living giving people choice and control over how they meet their assessed needs. The approach to DPs in H&F has been co-produced with residents in line with recommendations of the Disabled People's Commission (2017) and an independent review of DPs in H&F (2018).

Joint commissioning steering group with Economy department on implementing the Disabled People's Housing Strategy and reducing voids. This will be done through reviewing the Extra Care available for residents, ensuring new builds are co-produced with disabled residents and make good Housing Voids – savings proposal of £0.200m

This proposal should have a positive impact on groups that share protected characteristics as a commissioning group has been established to focus on residents with Learning Disabilities, Mental Health issues, those transitioning from Children's Services to Adult Services and those with Autism. This group is aligned to the H&F Health and Care Partnership Campaign on Mental Health and associated Council governance (Children's Board and SEND Delivery Group) to avoid duplication and maximise pace.

The work of the Housing and Independent Living Workstream is not only focused on expanding our local offer of supported housing but also exploring how we can utilise voids, bring existing buildings back into use, maximise section 106 arrangements, explore Shared Lives and ensure that commissioning and procurement negotiations support all residents into independence within our borough.

Maximising adaptations in people's homes through use of Disabled Facilities Grant. This increases a person's independence and reduces the need for longer-term care, as appropriate – savings proposal of £0.050m.

It is believed that this proposal has a positive impact on groups that share protected characteristics as it will enable residents to be independent through the provision of adaptations in the home and manages safety in carry out activities of daily living.

Reviews of care support for people with a Sensory Disability encouraging the use of equipment, as appropriate, to increase a person's independence – savings proposal of £0.050m

This proposal should have a positive impact on groups that share protected characteristics by engaging community stakeholders to better support residents with sensory needs as part of integrated working. This will be through community equipment or accessing services and support which mitigate against an over-reliance on traditional models of 'care', promote independence and give residents choice and control over their lives.

Improved support and information for residents and make better use of digital technologies (such as care cubed, use of resident portal, timely return of equipment) and review of Joint Equipment low item ordering – savings proposal of £0.500m

It is believed that this proposal has a positive impact on groups that share protected characteristics by adopting the processes and introducing new digital capabilities to deliver a new, modern digitally capable adult social care system. This will further promote independence and give people greater control over their lives. This will enable service enhancements, cost reduction and improved demand management by:

- Establishing cross-cutting digital solutions for staff, residents and partners aligning to innovation across Health and Social Care
- Implement technical solutions identified and co-designed with services and residents which support the realisation of benefits for whole-system change
- Build on and maximise innovation of local, regional and national partners and trailblaze innovation at a local level
- Exploiting opportunities to join-up data, scale solutions and improve sustainability of services. This will be enabled by developing a number of the

capabilities and dimensions of a digital Council; online/web, automation/Artificial Intelligence/Robotics including Care-bots, information and insights from data and analytics, tech/app enabled new business, tech-enabled services for residents, social media platforms and content

- Workforce development framework to support new ways of working and training for competent and confident social care workforce
- Digital access and training programmes available for residents including digital hubs supporting community access and innovation.

Smarter procurement for better outcomes for carers and review of supporting people services – savings proposal of £0.070m

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

Working with corporate procurement colleagues and incorporating core values around climate change.

Co-producing the design of all new services, including the Carers Strategy, informed by the Survey of Adult Carers in England (SACE).

Social Care Investment Proposals

Throughout the 2023/24 MTFS process, the department has presented evidence-based Adults Social Care (ASC) demand and demographic pressures of £4.1m. This proposed funding will have a positive impact for residents requiring assessed needs with physical support, learning disability and mental health needs and their carers as there is additional funding to meet the new care needs.

Demographic growth – investment proposal of £1.397m

The Social Care budget is under severe pressure due to greater demand with a 40% increase in support at home, greater acuity of need, an ageing population and increasingly complex needs resulting from specialist services.

As residents 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 ASC service plans, as they represent a clear cost pressure that will impact on services. Whilst the numbers receiving support from Council may not increase significantly, the cost of care packages will increase reflecting more complex needs, including supporting individual in their own homes. For Hammersmith & Fulham demographic pressures relating to the increased numbers of older and disabled residents requiring social care is forecast to be an average increase of 2.07% over the period 2023 to 2027 and equates in monetary terms to a cumulative total of £5.9m.

Hospital discharge & Learning Disability (LD) Transitions – investment proposal of £2.705m

Following Covid, the Government decided that any patients discharged from hospital whose discharge support package has been paid for by the NHS will need to be assessed and moved to core NHS, ASC or self-funding arrangements. Therefore, ASC has seen and will continue to see a high number of residents that are discharges made from hospital into health settings and be reassessed into the social care market. Currently, there are 73 of these new placements. Numbers are likely to continue to increase, which will add to the budget pressures in ASC.

The financial consequences are likely to be more significant in 2023/24 estimated at £2.549m as we will have the full year cost of residents that are assessed and transferred to LBHF. Growth received for 2022/23 to cover the hospital discharge additional costs was one off only, but this was not enough to cover cost pressures, as Covid lasted much longer than anyone first thought it would.

Additional funding is required for the LD budget to fund the increasing number of children with special educational needs and disabilities (SEND) transitioning into ASC and particularly those with more complex needs. Children with SEND transfer to ASC without any budget provision, so they create a cost pressure on an already overspending budget.

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

- Increasing volume of children with SEND transitioning into adult services, reflecting the fact that more children with complex disabilities live to become adults,
- Increasing acuity of need,
- People with LD now have a life expectancy which is not particularly shorter than the general population,
- As people with LD age, so does the age of their parents, who may no longer be able to provide the care and support they used to, which results in increased demand for support from ASC,
- Increasing numbers of care packages/direct payments against LD budget for those not meeting eligibility for LD, but who have assessed needs under the Care Act 2014, we have a growth in the number of young people with a diagnosis of autism.

For 2023/24 the estimated pressure is £0.156m for new LD residents to be assessed for social care.

Public Health Savings Proposals

Savings from year 2 through procurement of new 0-19 Public Health visiting and school nursing contract. Service quality has remained the same with savings achieved through improved service through procurement and contract monitoring – saving proposal of £0.060m

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

The reduction in contract value has not resulted in a reduction in the service offer and all services offered previously have been continued in the new contract.

The new contract offers areas of enhanced delivery such as the Maternal Early Childhood Sustained Home- visiting (MECSH) programme. MECSH operates under a license agreement and provides prevention and early intervention for vulnerable families and their children. MESCH offers a structured program of sustained nurse home visiting for families at risk of poorer maternal and child health and development outcomes of families with children aged 0-2. It is offered as part of the integrated 0-5 health visiting offer.

Re-tendering of Substance Misuse and Drugs contracts with efficiencies in commissioning and contracting with a plan to reduce overheads and to modernise in line with clinical standards – savings proposal of £0.050m

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

- Savings are being made through efficiencies in the number of contracts rather than reductions in front line services.
- A service specification has been produced that maintains and enhances the current levels of outcomes and KPIs and those with protected characteristics will not be affected.

Review of community champion contracts and redesign into an outreach model – savings proposal of £0.050m

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

The savings will not create a reduction in service delivery. The community champions seven services will end in March 23. However, the services are also being reviewed and subsequent redesign of the programme will ensure that there is an up-to-date model that is fit for purpose. No protective characteristics will be affected, and the model of delivery will continue to focus on the improved health and wellbeing of all residents.

Adult Weight Management- Targeted Operating Model working to improve the leisure offer for residents and linking with the Council's food strategy – savings proposal of £0.040m

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

The new targeting operating model will improve the current offer available to residents (a tier 2 adult weight management programme) through joint work with sports and leisure ensuring that pathways and existing partnerships that support adult weight management such as physical activity and healthy eating are rolled into one programme of activity. The new offer will be more inclusive for residents who do not want to take up the offer of a structured 12-week tier 2 weight management programme whilst still offering tier 2 for those who choose to engage in structured support.

Public Health reinvestment - proposals

Reinvestment into Long-Acting Reversible Contraception (LARC). Current tariff_is making it unsustainable for GPs to carry out this essential work, creating a postcode lottery for women in the borough. Need for higher tariff and investment in ongoing training and accreditation - £0.050m

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

Increasing the tariff on LARC in line with the increases in delivery across the borough will have a positive impact on women's' health and access to contraception. This supports public health outcomes around reducing unwanted pregnancies and abortions.

Children's Services Savings Proposals

Early Intervention Services Review - A single commissioning process to ensure families receive the right service at the right time; to intervene early and prevent escalation - £0.700m

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

- This procurement embeds the principle of the Early Intervention strategy to ensure every child, young person and family is happy, healthy and can thrive, supported by an effective community network.
- The approach adopts inclusion in its widest sense, including children and young people with SEND.
- The procurement aims to support families from pre-birth through the Child and Family support contract. There is also an expectation within the contract to support integration with health services including pre-natal support.

The procurement aims to address disproportionality and for services to be fully inclusive. Services commit to value and demonstrate respect for diversity, and to reach into communities to deliver support in the right way for all families to encourage greater engagement.

Children's Services Investment Proposals

Investment in Disabled Children's care packages - £0.350m

A neutral equalities impact is expected as proposed budget growth ensures budget to meet assessed need and does not represent any change in service offered to young people.

Investment in SEND quality assurance, data infrastructure, Education and Health Care Assessment functions and school improvement - £0.250m

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

The proposal will enable better analysis of data in relation to SEND including the associated quality assurance monitoring of services and provision to ensure the continued delivery of high-quality services to children and young people with SEND, including those that share protected characteristics.

The proposal will improve the layers of support that we can provide within the education service and will benefit all children and young people with SEND, including those that share protected characteristics.

The proposal will improve access to services by strengthening the coordination of referrals and information that is available to parents/carers and education, health and social care partners across the local area in regard to what is expected to be ordinarily available.

Care leavers Hub - £0.077m

The hub will act as a space where our care experienced young people can seek advice, support and guidance and be somewhere where they choose to spend time. It is believed that this proposal has a neutral impact on groups that share protected characteristics for the following reasons:

It is anticipated that there would be no impact in relation to the protected characteristics as the services will remain in place and under management by the Children's Social Work department.

Social workers will operate within the service and facilitate actions to support hard to reach groups.

Family Hubs - £0.060m

Investment in Family Hubs to make it simpler for families to access a wide range of council services. It is believed that this proposal has a positive impact on groups that share protected characteristics for the following reasons:

Family Hubs are an integrated service model. Beyond being just a physical space, Family Hubs refer to a way of working which centres around service integration and inclusion in its widest sense. The aim is to support all children and young people from pre-birth to adulthood, and their families, through earlier intervention. Family Hubs act as a single point of access to help families navigate and receive the support they need when they need it, which may be wider than their initially presenting need.

Twinned municipalities - £0.060m

Investment to act with our twinned municipalities to enrich and improve the lives of our residents by: Developing programmes for children and young people to share in sport competitions and artistic and cultural projects, and cooperating around youth mayors, youth parliaments and other democratic initiatives.

It is believed that this proposal has a positive impact on groups that share protected characteristics. By developing programmes for children and young people to share in sport competitions and artistic and cultural projects, and cooperating around youth mayors, youth parliaments and other democratic initiatives.

Investment into tackling education inequalities and digital exclusion in partnership with schools - £0.050m

It is believed that this proposal has a positive impact on groups that share protected characteristics by supporting our schools to reduce education inequality which arose during the pandemic to narrow and erase the gap through a range of interventions, including additional tutoring and digital learning programmes as well as the coproduction and delivery of a Digital Inclusion Strategy with schools that will increase accessibility for those most impacted.

Investment with respect to supporting young people with food - £1.750m

The proposals focus on £1.200m of investment will ensure work can continue to feed children who need support outside of school term time, making sure they get two good, nutritious meals a day. Further investment of £0.550m in the free breakfast offer in primary Schools and free lunch offer in schools where this currently operates.

It is believed that this proposal has a neutral impact on groups that share protected characteristics as it represents a continuation of the offer provided over recent years.

Corporate savings proposals

Civic Services - £0.020m

The proposal focuses on realigning services to provide greater efficiencies and support for member responsibilities. It is believed that this proposal has a neutral impact.

Corporate Investment Proposals

Audit Fees - £0.300m

The proposal focuses on realigning budgets to match expected increases in audit fees as advised by the Public Sector Audit Appointments body. An increase on 2022/23 fees of 150% predicted. It is believed that this proposal has a neutral impact.

Digital advertising income - £0.205m

The proposal focuses on realigning income targets to match current income levels. It is believed that this proposal has a neutral impact

Increased fraud capacity - £0.080m

The proposal will increase counter-fraud resources and bring together data from across London to prevent and detect fraud within the capital. The NFI Fraud Hub will identify fraud by comparing datasets. This protects public funds and public services. Investment in counter-fraud resources will tackle tenancy fraud by recovering a greater number of misused affordable housing units and taking a tougher stance on crime.

It is believed the proposal will have a positive impact as taking council properties back from fraudsters has a positive effect on everyone in the community including those groups who share protected characteristics.

Democratic and Governance costs - £0.106m

The proposal will provide investment in corporate and democratic core services to support governance. It is believed that this proposal has a neutral impact.

Economy savings proposals

There are no material savings proposals to report.

Economy Investment proposals

Temporary Accommodation - £0.939m

This growth bid relates to establishing funding for additional client numbers in temporary accommodation. An increase in homeless presentations combined with a reduction in supply of rehousing solutions is resulting in a greater volume of clients for the council.

It is believed that this proposal has a positive impact because people with protected characteristics are more likely to experience homelessness than the general

population. Therefore, the additional funding provided will enable the provision of an interim housing solution on their pathway to a secure, permanent home.

Industrial Strategy Delivery - £0.125m

This growth bid relates to provision of specialist and sectorial expertise to support development of the strategy, content, design, marketing, engagement. Work to deliver the wider industrial strategy for the borough which would include consultation and third-party specialist research and reporting.

It is believed that this proposal has a neutral impact on those with protected characteristics as this proposal relates to supporting the development of the Industrial Strategy, content, design, marketing, engagement. Analysis of the proposed activities in relation to the industrial strategy delivery, have not raised any potential for impacts on individuals or groups with protected characteristics, and an ambition of our Industrial Strategy refresh will be to strengthen our approach to inclusive growth including access to employment and higher value employment.

H&F Promotion & Economic Internationalisation - £0.040

This growth bid is focused on promoting the H&F internationally, which includes the development of a strategy, content, design, marketing and engagement. This would involve promoting the borough as a global node of innovation, a place where international companies should locate and invest, especially in knowledge-based sectors.

It is understood that these proposals will have a neutral impact on those with protected characteristics as its focused on promoting the H&F internationally, which includes the development of a strategy, content, design, marketing and engagement. Analysis of the activities relating to the promotion and economic internalisation have not raised any potential for impacts on individuals or groups with protected characteristics.

High Streets Strategies & Management Plans - £0.095m

This growth bid relates to supporting a plan for the changing role and vitality of town centres and includes recruitment of staff to support secondary high streets. Activities to enhance the borough's high streets and revitalise their offer to protect the role of the high street.

This proposal is envisaged to have a neutral impact on those with protected characteristics as it relates to the long-term sustainability of the H&F's high streets. This includes promotion, engagement, and marketing, which will help further the economic growth of the area. Analysis of the proposed activities involving the

improvement to the borough's high streets, have not raised any potential for impacts on individuals or groups with protected characteristics.

Property Transformation Team - £0.151m

This growth bid relates to establishing a team to deliver additional income streams from commercial, corporate and community assets.

This proposal is expected to have a neutral impact on those with protected characteristics as this growth bid relates to providing staffing resource to deliver additional income streams from commercial, corporate and community assets. The Property Transformation team is driving social, environmental and financial benefits. Social benefits will deliver enhanced benefit for equalities. An example would be delivering in borough accommodation for care leavers, improving young people's outcomes whilst reducing the cost of their placements.

Decarbonisation Programme Team - £0.161m

This growth bid relates to establishing a team that will support the delivery of the Council's decarbonisation plans for corporate buildings.

This proposal will have a neutral impact on those with protected characteristics as this growth bid relates to establishing a team that will support the delivery of the Council's decarbonisation plans for corporate buildings. Decarbonisation will reduce the running costs of properties operated in the interests of vulnerable residents, thereby having a positive (albeit indirect) benefit for equalities.

Environment Savings

Improved resident experience and access through increased use of technology - £0.237m

This saving is an incremental uplift of savings proposed as part of the 2022/23 budget setting process. The Resident Experience and Access Programme will transform the way residents interact with the council by centralising customer contact and maximising our use of technology. It will ensure all services are fully accessible via digital channels and introduce efficient processes that standardise the resident's journey. This means greater efficiency and financial savings are possible. The budgetary savings for 2023/24 are to be delivered from a continuation of Tranche 1a of the programme, which focusses on transforming the resident experience in the following services: Council Tax, Housing Benefits, Accessible Transport and the Council Contact Centre.

It is believed that this proposal has a neutral impact on groups that share protected characteristics as all service users will have equitable and improved access and ability to interact with Council services through a variety of channels, including by

phone, online and face to face. To ensure that sections of the population are not digitally excluded, the Council will deploy an 'Assisted Digital' service to support residents with specific support or access requirements and those who are unable to access online services. Support will be provided to residents to access our services digitally when they interact with us on the telephone or face-to-face through either remote assistance (over the telephone) or 'floor walkers' in face-to-face access locations. The Council will adopt a digital inclusion strategy which will underpin our approach to Assisted Digital. The strategy will seek to support Residents to develop digital skills so they can take advantage of digital technology in all aspects of their lives, whether managing their household finances, doing online shopping, or staying in touch with family and friends. Although we are committed to high levels of digital accessibility, the Council will maintain the option of face-to-face contact with qualified and capable staff in suitable offices and/or libraries. Additionally, services are being co-designed with input from service users across all protected characteristics, evidencing the Council's commitment to "doing things with residents, not to them." Finally, it is expected that this service transformation will provide for an improved experience for all service users.

Reduce waste disposal tonnages - £0.150m

This budgetary saving is to be delivered through a sustained reduction in waste disposal tonnages, for both general waste and recycling. It is believed that this proposal has a neutral impact on groups that share protected characteristics, as the Council collects waste and recycling from every household in the borough.

Review non-resident fees and charges - £0.133m

This budgetary saving is to be delivered through a review of commercial income across the Environment department (looking at fees and charges). It is believed that this proposal has a neutral impact on groups that share protected characteristics. Across the Environment department, fees and charges are applied equitably to service users, with the exception of charitable/community discounts in some areas (e.g. in Commercial Waste and Events).

Environment Investment.

New waste and street cleansing contract - £1.700m

The Council is entering a new waste and street cleansing contract following expiration of the existing contract. This requires additional investment of £1.7m. Service costs have increased due to a number of factors, including inflationary pressures on all operational costs, extra resource requirements from additional services (e.g. food waste collections) and growth in the number of properties in the borough (meaning increased waste collection requirements).

It is believed that this proposal has a neutral impact on groups that share protected characteristics as the Council's waste and street cleansing contract ensures the borough is kept clean and tidy and provides benefit to all residents, businesses and visitors.

Summary on impact on the budget

Social Care

The 2023/24 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 the proposals therefore will 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 impact on groups that share protected characteristics.

The requests for growth funding are primarily to protect the borough's free school meals and 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 impact for these children and young people.

Economy

The majority of the investment proposals from this department are associated with the increase in temporary accommodation client numbers and the realignment of budgets to support decarbonisation and property accommodation teams. These proposals are expected to result in a positive equalities impact.

The savings proposals relate to the use of external funding to offset staffing costs. These proposals are expected to result in a neutral equalities impact.

Environment

Savings will be realised through increased use of technology, reduced waste disposal volumes and a review of commercial charges. Investment in services centres around enhanced waste management and street cleansing. These proposals are expected to result in a neutral equalities impact.

Corporate

The majority of savings from this department relate to reviewing the operating model for providing support for member responsibilities. 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 policies and procedures. The majority of investment proposals are associated with expected increases in audit fees as advised by the Public Sector Audit Appointments body, investment in corporate and democratic core services to support governance and realignment of digital advertising income targets following the Covid-19 pandemic. These proposals are expected to result in a neutral equalities impact.

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.

The Business Rates Retention Scheme for Hammersmith and Fulham

		2022/23 £m	2023/24 £m
Step 1	Business rates baseline Notification from the government of the business Rates they expect Hammersmith & Fulham to collect	78.713	84.369
Step 2	Tariff Payable to government	(16.299)	(14.022)
Step 3	Funding baseline The income from business rates that government modelling assumes Hammersmith & Fulham will retain	61.857	64.171
Step 4	Actual Hammersmith & Fulham forecast of business rates income Includes the Hammersmith & Fulham share of section 31 grant regarding retail, hospitality and leisure rate relief.	54.869	
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	59.358
Step 6	Safety net compensation Sum receivable by Hammersmith & Fulham to bring it to the safety net threshold (Step 5 less step 4).	2.348	

The London Borough of Hammersmith & Fulham share of business rates income included in the 2023/24 budget is £59.358. This is the minimum sum guaranteed by the safety net threshold. This is £4.813m lower than the funding baseline (step 3) assumed by the government.

Spending Power calculation

The provisional 2023/24 local government finance settlement (LGFS)

1. The final LGFS 2023/24 was published on 19 December 2022. 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	2022/23 £000s	2023/24 £000's
General Grants		
Revenue support grant	18,046	20,198
New homes bonus grant	2,750	1,193
Social care support grant	10,717	17,280
Multiplier cap compensation	6,322	10,931
Market sustainability and fair cost of care	620	0
Lower tier support services grant	937	0
Services grant	4,264	2,403
Ringfenced Grants		
Improved better care fund	10,026	10,027
ASC Discharge Fund	0	1,406
Market sustainability and Improvement Fund	0	2,151
Total	53,682	65,589
Government assumed council tax (based on 3% increase including 2% adult social care precept)	70,462	72,857
Assumed business rates	61,855	64,171
Total	185,999	202,617

3. 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

	2022/23	2023/24
Hammersmith & Fulham	+7.0%	+9.5%
London average ¹	+7.3%	+9.2%
National average	+7.4%	+9.2%

5. The government spending power calculation:
- assumes that authorities will increase council tax by 3% and levy the adult social care precept at 2%.
 - takes no account new funding burdens (the market sustainability and Improvement, ASC Discharge)
 - 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 £4.8m³ lower.
 - assumes that the multiplier cap compensation grant, payable for the government decision not to increase business rates, is funded in line with the business rates baseline. As Hammersmith and Fulham budgets to receive a lower amount of business rates income (the safety net threshold) the actual grant forecast is 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 £4.6m (2.5%). This compares to inflationary pressures of £13.6m.

Table 3 – Hammersmith & Fulham spending power calculation

	£m
Government Spending Power calculation 2022/23	186.0
Government Spending Power calculation 2023/24	202.6
Less:	
Business rates below funding baseline	(4.8)
New burdens	(3.0)
Assumed council tax increase of 5%	(4.2)
Adjusted Hammersmith & Fulham spending power calculation 2023/24	190.6
Adjusted 2023/24 increase	4.6

¹ Estimated figure from London Councils.

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

³ This will be confirmed following completion of the 2023/24 NNDR1 business rates return in January 2023.

2023/24 RESERVES STRATEGY AND ACTION PLAN

Summary

The Council faces a continued financial challenge due to national economic conditions of high inflation and interest rates, which are increasing costs for delivering services, reducing commercial income, increasing the cost of investment plans and increasing the demand for public services. 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 £23.3m and estimated earmarked reserves (excluding Covid-19 funding) of £58.7m at the start of 2023/24. 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 Thurrock, Slough, 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 2022/23 Hammersmith and Fulham carried forward General Fund reserves and balances of £174.2m. The split, and trend since 2021/22 is set out in Table 1.

Table 1 – The general balance and earmarked reserves 2021/22 to 2023/24

	Opening Balance 2021/22 £m	Opening Balance 2022/23 £m	Opening Balance 2023/24 £m
General balance	19.3	20.4	23.3
Earmarked reserves	74.1	78.0	58.7
Sub-total	93.4	98.4	82.0
Covid-19 related	51.4	29.4	7.4
Total	144.8	127.8	89.4
Developer Contributions	46.0	46.4	46.4
Grand total	190.8	174.2	135.8

4. Covid-19 reserves are required to fund existing liabilities regarding the timing of collection fund impacts relating to business rates reliefs and business grants. The reserves include, in line with accounting practice, £46.4m 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.

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

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

6. 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 contributions to reserves in the 2022/23 budget.

RESERVES STRATEGY

7. 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 Reform.
 - Reserves can only be used once and the required future service transformation is significant given the expected future financial challenges. In accordance with proper accounting practice, and subject to affordability, the draw down from reserves will be minimised through consideration of government provisions for the flexible use of capital receipts, securing an appropriate contribution from partners and non-General Fund services, revenue contributions and regular balance sheet review.
 - When the Council is in receipt of one-off and non-recurrent resources it should aim to utilise them to replenish and top-up reserves.
 - The 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

8. Under Section 25 of the Local Government Act 2003, the Director of Finance is required to include, in budget reports, views on the adequacy of Council's balances and reserves.
9. General balances cover unforeseen financial risks and provide cover for unexpected or unavoidable additional costs. 2022/23 Budget Council agreed that the medium-term recommended range for general balances is between £19m and £25m. For 2023/24 the budgeted general balance is £23.3m.
10. 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 2022/23 £m
Covid-19 grant funding	29.4
Revenue grants	4.5
Insurance fund	5.9
Restricted reserves excluding developer contributions	
Developer contributions (Section 106 and Community Infrastructure Levy)	46.4
Restricted reserves including developer contributions	
Other earmarked reserves (unrestricted)	68.3
Total earmarked reserves	

Unrestricted earmarked reserves

13. As set out in Table 3 the level of unrestricted earmarked reserves carried forward at the start of 2022/23 was £68.3m. 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 2023/24

	£m
Corporate demands and pressures	30.1
Dedicated schools grant support	7.2
IT enabling fund	4.6
Efficiency projects reserve	1.4
Pre Development Costs	5.0
Planning	1.5
IBC development	1.3
Total earmarked reserves	51.1

14. An earmarked reserve of £7.2m is held regarding the cumulative Dedicated Schools Grant (DSG) high needs deficit. This is £4.6m 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 K summarises the current forecast draw downs from, and planned contributions to, earmarked reserves. The major commitments include:
- £1.8m regarding Hammersmith Bridge (yet to be formally approved)
 - £2.5m 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.
 - £0.8m regarding investment in the Contact and Assessment Service to support and protect vulnerable children and families.

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 2022/23 forecast budget overspend (reported in Corporate Revenue Monitor month 6) of £2.1m after mitigations.

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

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Opening balance	127.8	89.4	74.8	73.6
Forecast movement (largely due to timing of Covid payments)	(38.4)	(14.6)	(1.2)	2.5
Closing balance	89.4	74.8	73.6	76.1
Developer contributions	46.4			

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.

Table 6 – Reserves action plan

Ref	Action	Actions taken to date	Potential further opportunity
1	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
2	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 £5.3m of receipts are forecast within the capital programme.	£3.6m	£5.3m
3	Review of future requests to use reserves, such as the Resident Experience and Access 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
4	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
5	Peer challenge by the Chief Executive and Director of Finance of all existing commitments.		On-going
6	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
7	Balance sheet review to establish if further reserves can be freed up (relating to Business Rates and the Collection Fund).	£3.4m	On-going
8	Release the dedicated schools grant (DSG) support reserve in line with the DSG recovery plan.	£3.1m	£7.2m
9	Review external funding opportunities and developer contributions.		On-going
10	Assess the IT funding requirement over the medium-term.		On-going

Ref	Action	Actions taken to date	Potential further opportunity
11	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
12	Consider additional contributions to reserves as part of annual revenue budget setting process. The 2022/23 budget included new contributions of £2.9m.	£4.9m	On-going
	Total	£18.9m	£22.5m

Reserves - Cash Flow			Balance 31/3/22	2022/23	2023/24	2024/25	2025/26	Balance 31/3/26
			£000s	£000s	£000s	£000s	£000s	£000s
c		General balances	Contributions	20,405	2,890			23,295
			Drawdowns					
	Dept	Earmarked reserves	Category					
1	Corporate	Civic Campus	Contributions	5,497			1,300.00	-5,617
	Corporate		Drawdowns		-8624	-3790		
2	Corporate	Contribution to local elections	Contributions	417	75	75	75	317
	Corporate		Drawdowns		-400			
3	Corporate	Corporate demands and pressures	Contributions	28,367	6872			30,127
	Corporate		Drawdowns		-5112			
4	Corporate	Efficiency Projects Reserve	Contributions	1,981	750	750	750	1,634
	Corporate		Drawdowns		-1347	-2000		
5	Corporate	Corporate/ IBC Development	Contributions	1,260				1,260
	Corporate		Drawdowns					
6	Corporate	IT Enabling Fund	Contributions	4,955	800	800	800	1,255
	Corporate		Drawdowns		-1200	-3900	-1800	
7	Corporate	Unallocated contingency	Contributions	1,570				700
			Drawdowns		-870			
8	Corporate	Property Reserve	Contributions	500				50
			Drawdowns		-150	-150	-150	
9	Corporate	Climate change	Contributions	671				0
			Drawdowns		-671			
10	Corporate	Workforce	Contributions	150				0
			Drawdowns		-150			
11	Corporate	Pre-development costs	Contributions	5,000				5,000
	Corporate		Drawdowns					
12	Children's Services	Schools' regeneration	Contributions	19				19
	Children's Services		Drawdowns					
13	Environment	Controlled parking	Contributions	722	520.7	520.7	520.7	0
	Environment		Drawdowns		-1243	-520.7	-520.7	
14	Environment	Linford Christie	Contributions	7				0
	Environment		Drawdowns		-2.5	-2.5	-2	
15	Environment	Parks	Contributions	229	60			0
	Environment		Drawdowns		-57	-60	-172	
16	Corporate	Dedicated Schools Grant support	Contributions	11,820				7,238
	Corporate		Drawdowns		-4582			
17	Economy	Temporary Accommodation	Contributions	450				0
	Economy		Drawdowns		-190	-260	0	

Reserves - Cash Flow			Balance 31/3/22	2022/23	2023/24	2024/25	2025/26	Balance 31/3/26			
			£000s	£000s	£000s	£000s	£000s	£000s			
18	Social Care	Learning disabilities - Individual Service contract	391					0			
	Social Care			Drawdowns	-162	-229					
19	Social Care	Supporting people	300					0			
	Social Care			Drawdowns	-300						
20	Children's Services	Centre for systematic social work	211					211			
	Children's Services			Drawdowns							
21	Economy	High Speed 2	59					59			
	Economy			Drawdowns							
22	Social Care	Community Vaccine Champion	-	440				0			
	Social Care			Drawdowns	-260	-180					
23	Social Care	River Court Methodist Church	196					0			
	Social Care			Drawdowns	-196						
	Environment	Polo Fund Hurlingham Park	33		10	10	10	0			
	Environment			Drawdowns	-15	-15	-15		-18		
25	Environment	Bishops Park - Fulham Stadium	525	164	164	164		0			
	Environment			Drawdowns	-525	-164	-328				
26	Environment	Libraries and Archives	20					0			
	Environment			Drawdowns	-20						
27	Economy	Homelessness Prevention	750					0			
	Economy			Drawdowns	-640	-110					
28	Economy	Planning	1,723					473			
	Economy			Drawdowns	-200	-350	-350		-350		
29	Corporate	REAP Development Reserve	500					500			
	Corporate			Drawdowns							
Sub Total Ear Marked Reserves			68,324	-	17,235	-	9,412	-	1,018	2,567	43,226
Covid											
30	Corporate	Coronavirus Response Reserve	6,002						1,859		
	Corporate		Drawdowns		-2880	-1125	-138				
31	Corporate	C19 Collection Fund Smoothing Reserve	23,351						289		
	Corporate		Drawdowns		-19098	-3964					
Sub Total Covid Reserves			29,353	-	21,978	-	5,089	-	138	-	2,148

Reserves - Cash Flow

				Balance 31/3/22	2022/23	2023/24	2024/25	2025/26	Balance 31/3/26
				£000s	£000s	£000s	£000s	£000s	£000s
Restricted									
32	Children's Services	Dedicated Schools Grant - schools and early years block	Contributions	299					299
	Children's Services		Drawdowns						
33	Children's Services	Partners in practice	Contributions	956					956
	Children's Services		Drawdowns						
34	Economy	Sullivan service charges	Contributions	-					0
	Economy		Drawdowns						
35	Environment	Fulham Palace	Contributions	139					0
	Environment		Drawdowns		-35.675	-37.675	-33	-33	
36	Environment	Lead Flood authority	Contributions	247					0
	Environment		Drawdowns		-192	-55			
37	Corporate	Insurance Fund	Contributions	5,247					5,247
	Corporate		Drawdowns						
38	Corporate	Misc. grants	Contributions	235					235
	Corporate		Drawdowns						
39	Environment	LAA Waste grant	Contributions	-					0
	Environment		Drawdowns						
40	Social Care	NHS Funding -s256 Social Care	Contributions	1,359					737
	Social Care		Drawdowns		-622				
41	Social Care	Better Care Fund Additionality	Contributions	715					0
	Social Care		Drawdowns		-715.2				
42	Social Care	NHS Funding - s75 Contracts	Contributions	501					0
	Social Care		Drawdowns		-500.8				
		Sub Total Restricted Reserves		9,699	- 2,066	- 93	- 33	- 33	7,474
		Total		127,780	- 38,388	- 14,593	- 1,189	2,534	76,144

Balance 31/3/22	2022/23	2023/24	2024/25	2025/26
£000s	£000s	£000s	£000s	£000s
20,405	23,295	23,295	23,295	23,295
68,324	51,089	41,677	40,659	43,226
29,353	7,375	2,286	2,148	2,148
9,699	7,633	7,540	7,507	7,474
127,780	89,392	74,799	73,610	76,144
46,400	46,400	46,400	46,400	46,400
174,180	135,792	121,199	120,010	122,544
78,022	58,722	49,218	48,167	50,701

98,427	82,017	72,513	71,462	73,996
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London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 06/02/2023

Subject: Four Year Capital Programme 2023-27 And Capital Strategy 2023/24

Report of: Councillor Rowan Ree, Cabinet Member for Finance and Reform

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

This report presents the Council's four-year Capital Programme for the period 2023 to 2027.

The council is investing £506.8m over the next four financial years to develop and enhance its assets (including council housing), to meet its strategic objectives and provide better outcomes for its residents, businesses, and visitors. Key schemes within the programme include:

- Significant investment in the major repairs and health and safety compliance of the council's 12,000 dwellings
- Investment in housing development schemes to provide additional affordable accommodation across the borough
- Public CCTV equipment purchases and installation
- Financing facility towards Education City development
- School maintenance programme
- Investment in energy efficient lighting and decarbonisation schemes.
- Hammersmith Bridge pre-restoration works
- Civic Campus programme/ refurbishment of Hammersmith Town Hall
- Investment in the council's public realm including column replacement, footways, and carriageways

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 2023/24 will also be presented to Cabinet in February 2023 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 2023/24. 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 £123.6m for the period 2023/24-2026/27 (presented in Table 2 and Appendix 1).
2. To approve the continuation of rolling programmes for 2023/24 funded from the Council's mainstream resources. For financial modelling purposes, these programmes are assumed to continue at the same level until 2026/27:

	£m
Corporate Planned Maintenance	2.400
Footways and Carriageways	2.030
Column Replacement	0.346
Total	4.776

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 £383.2m for the period 2023/24-2026/27 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 2023/24 and 2024/25 (as identified in Appendix 4) and potential match-funding opportunities.
6. To approve the Capital Strategy 2023/24, as set out in Appendix 3.
7. To approve the annual Minimum Revenue Provision policy statement for 2023/24, as set out in Appendix 5.
8. To note the existing mainstream funded schemes previously approved, but now reprofiled to 2023/24 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 2022-23 and which will deliver the Council's priorities, as set out in the plan. The Capital Strategy set out in Appendix 3 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

	<p>the full costs, funding and risks and any expected financial return alongside the broader outcomes including economic and social benefits.</p> <p>This report provides detailed analysis of the Council's capital programme financial position and highlights potential risks and their impact on the Council's resources.</p>
Building shared prosperity	<p>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. The council will continue to invest in our ambitious housing development programme and work through the planning system to enable 3,000 new energy-efficient 50% genuinely affordable homes to be built.</p>
Creating a compassionate council	<p>As the council's resources have been reduced we have protected the services on which the most vulnerable residents rely.</p>
Doing things with local residents, not to them	<p>A significant proportion of services are delivered in partnership with local and national companies, and this will continue to promote all business sectors to the benefit of residents. The proposals will implement the Disabled People's Housing Strategy, working in co- production with disabled residents.</p>
Taking pride in H&F	<p>The strategy proposals include significant investment in public realm services, to maintain world-class parks, open spaces and cemeteries, making sure that parks are a safe space for residents.</p> <p>The proposals also are continuing to invest in CCTV so that residents feel secure in their homes and on the streets.</p>
Rising to the challenge of the climate and ecological emergency	<p>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.</p>

Financial Impact

This report is of a wholly financial nature.

The economic outlook is uncertain with supply constraints and labour shortages, driven by the war in Ukraine, Covid and Brexit, leading to higher prices for works and materials and pressure on wages. The November 2022 inflation rate, as measured by the Consumer Price

Index, is 11.1% with the Bank of England (BoE) forecasting that it will remain at very elevated levels throughout much of 2023, before falling to 2% two years ahead. As part of their policy response to the increase in inflation the BoE have increased the interest base rate to 3.5% with further increases likely. The upturn in inflation represents a significant financial risk to the capital programme as it impacts on budgeted costs, contractor performance, potential receipts and scheme viabilities. This risk needs to be kept under review with mitigating actions taken as necessary.

The interest rate regarding long-term borrowing from the Public Works Loans Board (PWLB) now stands at 3.78% compared to 1.5% in December 2021. Economists are forecasting further base rate increases to mitigate inflationary pressures over the next 12 months.

The increase in build cost inflation and borrowing costs is bad news for the council and will result in additional financial pressures that need to be addressed through the Medium-Term Financial Strategy and HRA business plan. Actions that may partially mitigate against the increase in interest rates, such as use of available internal cash balances or borrowing for shorter-term periods, will continue to be explored with the Council's Treasury Management Team. The revenue affordability and financial sustainability of the council's current, and future, capital expenditure plans, including self-financing schemes, will also need to be reviewed on ongoing basis and as part of the development of the future capital programme.

Andre Mark, Head of Strategic Planning and Investment, 21 December 2022

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.

Jade Monroe, Chief Solicitor, Social Care, 29 December 2022

Background Papers Used in Preparing This Report:

None

CAPITAL PROGRAMME 2023/24-2026/27 - OVERVIEW

1. This report sets out an updated four-year capital expenditure and resource forecast and a capital programme for 2023/24 to 2026/27, as summarised in Table 1 below. A detailed analysis of specific schemes by service is included in Appendix 1.

Table 1 - Capital Programme 2023/24 to 2026/27

Table 1 – Capital Programme 2023/24 to 2026/27					
	Indicative Future Years Analysis				Total Budget (All years) £'000
2023/24	2024/25	2025/26	2026/27		
£'000	£'000	£'000	£'000		
CAPITAL EXPENDITURE					
Children's Services	4,618	3,349	500	-	8,467
Social Care	957	-	-	-	957
Environment Department	14,143	4,511	3,515	2,376	24,545
Finance & Resources Department	3,244	2,080	-	-	5,324
General Fund Schemes under the Economy Department	62,388	16,124	3,435	2,400	84,347
Sub-total (General Fund)	85,350	26,064	7,450	4,776	123,640
Economy Department-HRA Programme	117,127	133,718	71,999	60,322	383,166
Sub-total Economy Department (HRA)	117,127	133,718	71,999	60,322	383,166
Total Expenditure	202,477	159,782	79,449	65,098	506,806
CAPITAL FINANCING					
Specific/External Financing:					
Government/Public Body Grants	6,235	3,349	500	-	10,084
Grants and Contributions from Private Developers (includes S106/CIL)	12,617	10,018	4,704	-	27,339
Capital Grants/Contributions from Non-departmental public bodies	35	-	-	-	35
Capital Grants and Contributions from GLA Bodies	8,775	9,424	4,537	-	22,736
Leaseholder Contributions (Housing)	2,833	2,750	2,737	2,724	11,044
Sub-total - Specific Financing	30,495	25,541	12,478	2,724	71,238
Mainstream Financing (Internal):					
Capital Receipts - General Fund	31	-	-	-	31
Capital Receipts - HRA	6,786	6,947	27,087	-	40,820
Major Repairs Reserve (MRR)	17,386	18,312	18,780	19,351	73,829
General Fund Revenue Funding	10	-	-	-	10
HRA Revenue Funding	256	235	-	-	491
Earmarked Reserves (Revenue)	2,711	1,845	-	-	4,556
Sub-total - Mainstream Funding	27,180	27,339	45,867	19,351	119,737
Borrowing-General Fund	68,367	19,635	6,950	4,776	99,728
Borrowing -HRA	76,435	87,267	14,154	38,247	216,103
Total Capital Financing	202,477	159,782	79,449	65,098	506,806

- The programme for this period totals £506.8m. The gross programme for 2023/24 totals £202.5m. This comprises the General Fund (GF) Programme of £85.4m and the Housing Revenue Account (HRA) Programme of £117.1m.
- The Building Homes and Communities Strategy included in the current capital programme includes several General Fund and HRA schemes that are at an early stage of development. Their total costs are currently estimated at £448m with assumption that £149m will be funded from borrowing. To date £31m of predevelopment budgets in relation to these schemes have been approved and incorporated in the capital programme. 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.

4. 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.
5. The forecast is based on known funding allocations as at December 2022 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 2022/23. As additional grants and contributions are confirmed, the General Fund capital programme will increase.

GENERAL FUND CAPITAL PROGRAMME

6. The General Fund programme is summarised in Table 2 below with details for each service at Appendix 1.
7. 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 2023/24 to 2026/27

	Indicative Future Years Analysis				Total Budget (All years) £'000
	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	
CAPITAL EXPENDITURE					
Children's Services	4,618	3,349	500	-	8,467
Social Care	957	-	-	-	957
Environment Department	14,143	4,511	3,515	2,376	24,545
Finance & Resources	3,244	2,080	-	-	5,324
General Fund Schemes under the Economy Department	62,388	16,124	3,435	2,400	84,347
Total Expenditure	85,350	26,064	7,450	4,776	123,640
CAPITAL FINANCING					
Specific/External Financing:					
Government/Public Body Grants	6,235	3,349	500	-	10,084
Grants and Contributions from Private Developers (includes S106/CIL)	6,835	1,000	-	-	7,835
Capital Grants/Contributions from Non-departmental public bodies	35	-	-	-	35
Capital Grants and Contributions from GLA Bodies	870	-	-	-	870
Sub-total - Specific Financing	13,975	4,349	500	-	18,824
Mainstream Financing (Internal):					
Capital Receipts - General Fund	31	-	-	-	31
General Fund Revenue Funding	10	-	-	-	10
HRA Revenue Funding	256	235	-	-	491
Earmarked Reserves (Revenue)	2,711	1,845	-	-	4,556
Sub-total - Mainstream Funding	3,008	2,080	-	-	5,088
Borrowing-General Fund	68,367	19,635	6,950	4,776	99,728
Total Capital Financing	85,350	26,064	7,450	4,776	123,640

8. 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 2022/23 programme as detailed in the 2022/23 quarter 3 capital monitoring report.

Table 3 – General Fund Mainstream Programme 2023/24 to 2026/27

	Indicative Budget 2023/24	Indicative Budget 2024/25	Indicative Budget 2025/26	Indicative Budget 2026/27	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000
Approved Expenditure					
Investment in Digital Infrastructure [RES]	914	-	-	-	914
Carnwath Road [ECD]	1,870	-	-	-	1,870
Hammersmith Bridge Pre Restoration Works [ENV]	1,087	-	-	-	1,087
Public CCTV [ENV]	1,370	1,135	1,139	-	3,644
Foster carers' extension [CHS]	173	-	-	-	173
Leisure Centre Capital Investment [ENV]	90	-	-	-	90
Planned Maintenance/DDA Programme [ECD]	3,400	2,400	2,400	2,400	10,600
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]	18,808	-	-	-	18,808
Community Schools Programme [ECD]	262	-	-	-	262
Farm Lane/Mund Street [ECD]	1,105	479	511	-	2,095
Investment in Affordable Housing-Lillie Road Site [ECD]	100	-	-	-	100
Total Mainstream Programmes	31,555	6,390	6,426	4,776	49,147
Financing					
Capital Receipts	31	-	-	-	31
Increase/(Decrease) in Borrowing	31,524	6,390	6,426	4,776	49,116
Total Financing	31,555	6,390	6,426	4,776	49,147

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

9. The mainstream programme presented in Table 3 does not include self-financing schemes (where the net General Fund revenue borrowing costs are nil). Appendix 2 details the self-financing schemes and their borrowing requirement. Such self-financing borrowing is forecast to increase by £43.7m 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.
10. The Civic Campus programme is currently under review and there are proposals to seek further capital investment for its refurbishment. These proposals are due to be presented to the Cabinet in February 2023. If the budget is approved, it will be added to the current capital programme. It is expected that the capital costs will need to be funded from General Fund borrowing where other funding sources such as Community Infrastructure Levy or offsetting capital receipts arising from estate rationalisation are not realised and the annual revenue implications if the capital costs are met from borrowing would need to be addressed. General Fund CFR and Minimum Revenue Provision (MRP) figures presented in the current capital programme do not contain this additional borrowing requirement.
11. The Government's Flexible Use of Capital Receipts provisions allow the Council to use available General Fund capital receipts to fund Invest to Save schemes. This comes at an estimated revenue cost of £70,600 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.

12. 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 2 and the Council's 2023/24 MRP policy is set out in Appendix 5.
13. 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 2.

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

GENERAL FUND CFR ANALYSIS	2022/23	2023/24	2024/25	2025/26	2026/27
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance Requirement (CFR)	128.91	151.45	181.11	184.50	187.71
Revenue Repayment of Debt (MRP)	(1.56)	(1.86)	(3.00)	(3.22)	(3.31)
Mainstream Programme (Surplus)/Shortfall	24.10	31.52	6.39	6.43	4.78
Closing Capital Finance Requirement (CFR)	151.45	181.11	184.50	187.71	189.17

14. The forecast General Fund Headline CFR at the start of 2023/24 is £151.5m and is expected to increase to £189.2m by the end of 2026/27. The increase of £37.7m over the next four years will add a revenue budget pressure, relating to the borrowing costs (MRP plus external interest), of c£2.7m per annum by the end of 2026/27.
15. 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 - 2026/27. 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

16. 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

17. 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. 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 2023-27

	Indicative 2023/24 Budget £'000	Indicative 2024/25 Budget £'000	Indicative 2025/26 Budget £'000	Indicative 2026/27 Budget £'000
Approved Expenditure				
HRA Asset Management and Compliance Programme	54,162	62,224	59,426	58,860
Building Homes and Communities Strategy	23,516	32,014	4,484	1,462
Other HRA Capital Schemes	39,449	39,480	8,089	-
Total Housing Programme	117,127	133,718	71,999	60,322
Available and Approved Resource				
Capital Receipts - Unrestricted	4,000	6,947	27,087	-
Capital Receipts - RTB (141)	2,786	-	-	-
Major Repairs Reserve (MRR)	17,386	18,312	18,780	19,351
Contributions Developers (S106)	5,782	9,018	4,704	-
Contributions from leaseholders	2,833	2,750	2,737	2,724
Capital Grants and Contributions from GLA Bodies	3,006	4,689	3,069	-
RtB GLA Ringfence	4,899	4,735	1,468	-
Borrowing (HRA)	76,435	87,267	14,154	38,247
Total Funding	117,127	133,718	71,999	60,322

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.

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

Table 6 – Housing CFR Forecast 2023-27

HRA CFR Forecast	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Closing Forecast HRA CFR	301.48	378.17	465.67	475.82	510.07

19. The HRA CFR is forecast to be £378.17m by the end of 2023/24 and £510.07m by 2026/27. 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 2023/24 HRA revenue budget.

20. 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.

21. 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 2022, the GLA held £23.9m of Hammersmith & Fulham receipts from the last two financial years. This is the equivalent of £79m¹ 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

¹ The latest Department for Levelling Up, Housing & Communities (DLUHC) 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.

schemes and the pipeline of yet to be approved schemes² 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.

22. The proposed HRA programme relies on £19.5m 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.

EQUALITY IMPLICATIONS

23. 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

24. 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.
25. 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, Head of Finance – Corporate Accountancy, Systems and Tax, 3 January 2023

RISK MANAGEMENT

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

26. 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, along with high levels of inflation, which will affect construction related costs and increases in interest rates which will impact on the cost of borrowing. The report identifies a number of risks at paragraph 20 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.
27. 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, Fraud, Risk and Insurance,
23 December 2022

LIST OF APPENDICES:

- Appendix 1 – Council Capital Programme by Service Area
- Appendix 2 – The Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP)
- Appendix 3 – Capital Strategy 2023/24
- Appendix 4 – Flexible Use of Capital Receipts Guidance and Proposed Application
- Appendix 5 – Minimum Revenue Provision (MRP) Statement 2023/24

APPENDIX 1 – Detailed Analysis by Service

Children's Services

Indicative Future Years Analysis

	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
SEN sufficiency	946	175	-	-	1,121
Foster carers' extension	173	-	-	-	173
School Maintenance Programme	3,499	3,174	500	-	7,173
Total Expenditure	4,618	3,349	500	-	8,467
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	4,445	3,349	500	-	8,294
Sub-total - Specific or Other Financing	4,445	3,349	500	-	8,294
Mainstream Financing (Internal Council Resource)					
Capital Receipts	31	-	-	-	31
Sub-total - Mainstream Funding	31	-	-	-	31
Borrowing	142	-	-	-	142
Total Capital Financing	4,618	3,349	500	-	8,467

Social Care Services

Indicative Future Years Analysis

	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
Extra Care New Build project (Adults' Personal Social Services Grant)	957	-	-	-	957
Total Expenditure	957	-	-	-	957
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	957	-	-	-	957
Sub-total - Specific or Other Financing	957	-	-	-	957
Total Capital Financing	957	-	-	-	957

APPENDIX 1 – Detailed Analysis by Service

Finance & Resources Department

Indicative Future Years Analysis

	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
Investment in Digital Infrastructure	914	-	-	-	914
Tech-tonic 2 Device refresh	2,330	2,080	-	-	4,410
Total Expenditure	3,244	2,080	-	-	5,324
Capital Financing Summary					
Mainstream Financing (Internal Council Resource)					
Use of Reserves	2,074	1,845	-	-	3,919
Sub-total - Mainstream Funding	2,074	1,845	-	-	3,919
Borrowing (GF)	914	-	-	-	914
Borrowing (HRA)	256	235	-	-	491
Total Capital Financing	3,244	2,080	-	-	5,324

APPENDIX 1 – Detailed Analysis by Service

Environment Department

Indicative Future Years Analysis

	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
Footways and Carriageways	2,124	2,030	2,030	2,030	8,214
Transport For London Schemes	37	-	-	-	37
Column Replacement	346	346	346	346	1,384
Other Highways Capital Schemes	6,170	1,000	-	-	7,170
Hammersmith Bridge Pre Restoration Works	2,500	-	-	-	2,500
Waste Collection and Disposal Projects	291	-	-	-	291
Public CCTV	1,370	1,135	1,139	-	3,644
Parks Projects	1,215	-	-	-	1,215
Leisure Centre Capital Investment	90	-	-	-	90
Total Expenditure	14,143	4,511	3,515	2,376	24,545
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	833	-	-	-	833
Grants and Contributions from Private Developers (includes S106/S278)	6,835	1,000	-	-	7,835
Capital Grants/Contributions from Non-departmental public bodies	35	-	-	-	35
Capital Grants and Contributions from GLA	870	-	-	-	870
Sub-total - Specific or Other Financing	8,573	1,000	-	-	9,573
Mainstream Financing (Internal Council Resource)					
General Fund Revenue Account (revenue	10	-	-	-	10
Use of Reserves	637	-	-	-	637
Sub-total - Mainstream Funding	647	-	-	-	647
Borrowing	4,923	3,511	3,515	2,376	14,325
Total Capital Financing	14,143	4,511	3,515	2,376	24,545

APPENDIX 1 – Detailed Analysis by Service

Economy Department General Fund Managed Schemes

Indicative Future Years Analysis

	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
<i>Civic Campus</i>					
Hammersmith Town Hall Refurbishment	18,808	-	-	-	18,808
Acquisition of commercial units	16,751	12,315	-	-	29,066
JV Partnership Loan (Civic Campus)	5,381	-	-	-	5,381
Subtotal Civic Campus	40,940	12,315	-	-	53,255
<i>Building Homes and Communities Strategy (GF sites)</i>					
Education City Loan	14,711	930	524	-	16,165
Farm Lane	200	-	-	-	200
Mund Street	905	479	511	-	1,895
Community Schools Programme	262	-	-	-	262
Investment in Affordable Housing-Lillie Road Site	100	-	-	-	100
Subtotal Building Homes and Communities Strategy (GF sites)	16,178	1,409	1,035	-	18,622
<i>Other GF Capital Schemes managed by the Economy</i>					
Planned Maintenance/DDA Programme	3,400	2,400	2,400	2,400	10,600
Carnwath Road	1,870	-	-	-	1,870
Subtotal Other GF Capital Schemes managed by the Economy	5,270	2,400	2,400	2,400	12,470
Total Expenditure	62,388	16,124	3,435	2,400	84,347
Capital Financing Summary					
Mainstream Financing (Internal Council Resource)					
GF Borrowing	62,388	16,124	3,435	2,400	84,347
Total Capital Financing	62,388	16,124	3,435	2,400	84,347

APPENDIX 1 – Detailed Analysis by Service /cont.

Economy Department- HRA Capital Programme		Indicative Future Years Analysis			
	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
HRA Asset Management and Compliance Programme					
Pre Agreed Works	4,180	10,014	7,368	11,558	33,120
Fire Safety Compliance Programme	8,691	6,489	3,400	5,450	24,030
Fire Safety Complex Schemes	15,295	16,925	13,781	-	46,001
Lift Schemes	3,962	750	750	800	6,262
Boiler Schemes	4,500	6,140	4,370	4,670	19,680
Safety Works - Electrical	9,128	2,250	2,000	4,360	17,738
Safety Works	7,960	8,950	17,954	19,100	53,964
Void Works	3,173	1,200	1,200	1,200	6,773
Other Capital Improvements	9,273	1,861	1,050	750	12,934
Capitalised salaries	5,611	5,600	5,600	3,300	20,111
Capitalised repairs	4,040	4,070	3,500	3,500	15,110
Climate Emergency and Other future works	15,280	18,835	17,160	22,760	74,035
Allowance for program slippage for financial modeling purposes	(36,931)	(20,860)	(18,707)	(18,588)	(95,086)
Subtotal HRA Asset Management and Compliance Programme	54,162	62,224	59,426	58,860	234,672
Building Homes and Communities Strategy (HRA sites)					
Homes & Communities Strategy	68	-	-	-	68
White City Estate Regeneration	582	542	542	540	2,206
Becklow Gardens	725	300	230	203	1,458
Barclay Close	456	155	90	90	791
Jepson House	1,575	615	315	366	2,871
The Grange	775	300	225	213	1,513
Old Laundry Yard	400	362	250	50	1,062
Education City- HRA element	18,935	29,740	2,832	-	51,507
Subtotal Building Homes and Communities Strategy (HRA sites)	23,516	32,014	4,484	1,462	61,476
Other HRA Capital Schemes					
Stanhope Joint Venture	8,788	13,707	7,150	-	29,645
Hartopp & Lannoy	30,661	25,773	939	-	57,373
Subtotal Other HRA Capital Schemes	39,449	39,480	8,089	-	87,018
Total Expenditure	117,127	133,718	71,999	60,322	383,166
Capital Financing Summary					
Specific/External or Other Financing					
Contributions from leaseholders	2,833	2,750	2,737	2,724	11,044
Grants and Contributions from Private Developers (includes S106)	5,782	9,018	4,704	-	19,504
Capital Grants and Contributions from GLA Bodies	3,006	4,689	3,069	-	10,764
RtB GLA Ringfence	4,899	4,735	1,468	-	11,102
Sub-total - Specific or Other Financing	16,520	21,192	11,978	2,724	52,414
Mainstream Financing (Internal Council Resource)					
Capital Receipts (HRA)	6,786	6,947	27,087	-	40,820
Major Repairs Reserve (MRR) / Major Repairs Allowance	17,386	18,312	18,780	19,351	73,829
Sub-total - Mainstream Funding	24,172	25,259	45,867	19,351	114,649
Borrowing(HRA)	76,435	87,267	14,154	38,247	216,103
Total Capital Financing	117,127	133,718	71,999	60,322	383,166

APPENDIX 2 - 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 2023/24-2026/27:

Table 1- Forecast General Fund CFR 2023/24-2026/27

GENERAL FUND CFR ANALYSIS	2022/23	2023/24	2024/25	2025/26	2026/27
£m	£m	£m	£m	£m	£m
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS					
Opening Capital Finance Requirement (CFR)	128.91	151.45	181.11	184.50	187.71
Revenue Repayment of Debt (MRP)	(1.56)	(1.86)	(3.00)	(3.22)	(3.31)
Mainstream Programme (Surplus)/Shortfall	24.10	31.52	6.39	6.43	4.78
Closing Capital Finance Requirement (CFR)	151.45	181.11	184.50	187.71	189.17
	2022/23	2023/24	2024/25	2025/26	2026/27
SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance Requirement	28.66	81.27	118.11	129.62	127.55
Revenue Repayment of Debt (MRP)	-	-	(1.73)	(2.59)	(2.55)
In Year Borrowing	52.61	36.84	13.25	0.52	-
Closing Capital Finance Requirement	81.27	118.11	129.62	127.55	125.00
Finance leases/PFI/ Deferred costs of disposal	7.09	6.39	5.69	4.99	4.29
Total Closing GF CFR	239.81	305.61	319.81	320.25	318.47

5. The current forecast for the General Fund Headline CFR (excluding self-financing schemes and loans) is £181.1m at the end of 2023/24 and £189.2m by the end of 2026/27. The increase in General Fund Headline CFR puts additional pressures on revenue budgets.

6. The headline CFR figures exclude:

- £25m equity loan to the Civic Campus programme
- £10m development financing to WKSR LLP
- £63m investment in acquisition of Civic Campus commercial units
- £39m development financing to EdCity Office Ltd
- £1.75m Civic Campus Cinema Fit-Out

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 £81.3m to £118.1m (net movement £36.8m) in 2023/24 and to £125m (net increase of £43.7m, gross financing requirement of £50.6m less estimated MRP of £6.9m) estimated by the end of 2026/27. Table 2 details the CFR movements regarding these schemes.

Table 2 - Self -financing schemes and loans CFR movements 2023/24-2026/27

	Indicative Budget 2023/24 £'000	Indicative Budget 2024/25 £'000	Indicative Budget 2025/26 £'000	Indicative Budget 2026/27 £'000	Total Budget (All years) £'000
Approved Expenditure					
Ad Hoc Schemes:					
Education City -ARK loan	14,711	930	524	-	16,165
Acquisition of commercial units (Civic Campus)	16,751	12,315	-	-	29,066
JV Partnership Loan (Civic Campus)	5,381	-	-	-	5,381
Total Mainstream Programmes	36,843	13,245	524	-	50,612
Financing					
Increase/(Decrease) in Borrowing	36,843	13,245	524	-	50,612
Total Financing	36,843	13,245	524	-	50,612

8. A number of affordable housing schemes (already approved or subject to future approvals) contain use of General Fund land for their development and further appropriations of the General Fund land to HRA will be required. The timing of the actual appropriations 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.

9. 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.

10. 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 3 – CAPITAL STRATEGY 2023/24

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

Strategic Context

5. The Council's Business Plan 2022-23 sets 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 will continue to invest in our ambitious housing development programme and work through the planning system to enable 3,000 new energy-efficient 50% genuinely affordable homes to be built.
- Introduce an H&F shared-equity, affordable home ownership solution for residents in the borough to part-own a new home without the need to pay rent on the unsold equity.
- The Council will work with residents to redesign central Hammersmith, with new genuinely affordable homes, affordable office space and a more attractive town centre.
- Encouraging entrepreneurship in the borough by aiming for 20% of all new office space to be affordable and flexible and made available as start-up and scale-up space for local businesses.
- Ensuring the community schools' programmes at Avonmore and Flora Gardens primary schools are green projects that create high quality learning spaces for children.

Doing things with residents, not to them

- The Council will implement Disabled People's Housing Strategy, working in co-production with disabled residents.

Taking pride in Hammersmith & Fulham

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.

- The Council will maintain world-class parks, open spaces and cemeteries, making sure that parks are a safe space for residents.
- Continuing to invest in CCTV so that residents feel secure in their homes and on the streets.
- The Council has plans for the new Civic Campus to be a modern community, work, entertainment, recreational and retail space to help rejuvenate Hammersmith while retaining the historic listed elements of the Town Hall. The development will meet the highest possible environmental standards.
- Improving the public realm to make H&F a better place for people to shop, eat, drink, relax and enjoy local arts and facilities.
- The Council will continue to review safe walking routes to schools, making sure every school has safe crossings to its main entrance.
- Fixing iconic Hammersmith Bridge.

Creating a compassionate council

- The Council will explore the feasibility of the potential re-design of the H&F special school estate and of creating an inclusive campus.

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.
- The Council will develop plans to implement further sustainable drainage systems and flood reduction and mitigation schemes.
- The Council will build on the status as a leader in electric vehicle charging with at least one charging point in every street.
- The Council will build on successes to reduce its carbon footprint by maximising smart working as part of the 'Hello Hybrid Future' programme.

6. The Covid-19 pandemic has resulted in unprecedented risk and uncertainty the wider economy. A recent economic downturn has affected the expected costs, market and viability of schemes whilst funding from partners, such as Transport for London, has been under pressure. As part of the capital strategy the impact of increasing inflation and interest rate 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 2024, 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 develop a mixed-use project comprising of housing and other amenities on the former Ark Swift Primary Academy to be known as Ed City, that will create a new education hub on the site and will provide the following:

- 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 utilises its land and property assets to meet its key priorities of delivering affordable housing and supporting the council's financial challenge. The strategy 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. Through this strategy, the council established a development programme to directly deliver a substantial number of much-needed affordable homes and renew key community assets. The development programme will directly benefit the council by generating revenue from the sale of market homes, alongside the long-term rental income from the affordable homes. It will also mean the council accrues the long-term assets it builds.

20. Currently, there are 17 projects in the development programme delivering 1,119 new homes, of which, 725 (65%) are affordable and 394 will be for market sale (35%).

Of the 17 development projects, the Springvale infill project has been completed and delivered 10 new social rent homes. Education City is under construction. Farm Lane has been submitted for Planning, with the White City Central and Lillie Road projects to follow, in the next two months. The development programme also delivers against the Council's climate emergency commitments with at least four sites being delivered to PassivHaus standards of energy efficiency, to reduce carbon emissions and help alleviate fuel poverty.

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. The Council has incurred significant spend (at risk) of almost £13.5m (estimated to the end of 2022/23) to ensure the continued safe operation of the Bridge. These costs will be included in the overall project and the Council will expect these to be funded equally with DfT/TfL.
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 so that users can continue to use the Bridge safely.
23. Further £8.5m budget has been approved with regards to pre-restoration works. Further work towards the Phase 2 full strengthening and restoration of the Bridge and its re-opening to motor vehicles is now required in line with the Strategic Transport aspirations of the DfT, TfL and the Council. These essential works required to move to the next stage are: the removal of the two gas mains off the Bridge and diversion on an alternative route, the planning application for the innovative truss option, and further development of the contract and procurement of the full restoration so it is ready to progress once the stabilisation work is completed. This will ensure that the future project to strengthen the Bridge can be undertaken with greater expediency, effectiveness, and minimisation of technical risks.
24. 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).
25. 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.
26. 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.

Schools Renewal Programme

27. 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.
- In 2021 a three-year schools' capital strategy, including a planned maintenance programme was agreed, leading to significant investment in the condition of the schools' estate

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

Other Housing projects

29. 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:

- 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.
- 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.

Community Infrastructure Levy (CIL)

30. 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.

31. At 31 March 2022 the Council holds £16.6m of Borough CIL, of which £10.7m is 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.

32. 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.
33. 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

34. 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.
35. 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
36. 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.
37. £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

38. 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 2022/23 and 2023/24 can be found in Appendix 4 of this report.

Health and Safety

39. 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 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

40. 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.
41. 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.
42. 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

43. 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.

44. 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.

45. 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

46. 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.

47. 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.

48. 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.

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

Finance Strategy

50. 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.

51. 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.

52. 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 4 - FLEXIBLE USE OF CAPITAL RECEIPTS GUIDANCE AND PROPOSED APPLICATION (2023/24)

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 2025 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 £0.900m by the end of 2025/26 for the first tranche. Additional savings are being scoped and validated as the programme progresses and is expected to deliver further revenue savings in time.

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 5 - MINIMUM REVENUE PROVISION (MRP) STATEMENT 2023/24

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 can 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.

Report to: Cabinet

Date: 06/02/2023

Subject: Capital Programme Monitor & Budget Variations, 2022/23 (Third Quarter)

Report of: Councillor Rowan Ree, Cabinet Member for Finance and Reform

Responsible Director: Sukvinder Kalsi, 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 decrease in forecast capital expenditure of £5m for 2022/23. The variations are detailed in Appendix 2.
2. To approve the updated four-year capital programme for 2022-2026 of £641.5m as detailed in Appendix 1.
3. To approve £890,000 additional budget with regards to Hammersmith Bridge Stabilisation works, funded from General Fund borrowing.
4. To note the potential risks regarding the Housing Capital Programme, as summarised in paragraphs 18-21.

Wards Affected: All

The capital programme contains schemes and projects which are directly linked to the Council's priorities.

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	<p>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.</p> <p>Officers are responsible for monitoring and delivering projects within approved budgets and reporting variances.</p> <p>This report provides detailed analysis of the Council's capital programme financial position and highlights any potential risks</p>

Financial Impact

This report is wholly of a financial nature.

Budget Council approved a four-year capital programme for 2022/23 to 2025/26 of £577.1m. The programme now stands at £641.5m. The movement (a net increase) of £64.4m is summarised in the below attached table:

Budget Movement Summary for 2022/23-2025/26 capital programme	£'m
Four-year capital programme budget approved at Full Council in February 2022	577.1
Carry forward of unspent budgets from 2021/22 to future years	42.8
New budget approved by July 2022 Council for the Hartopp and Lannoy development.	58.6
New budget approved by July 2022 Cabinet for progression and delivery of LBHF's development gateway 2 and 3 for Barclay Close, Jepson House, Becklow Gardens and the Grange sites	7.5
Additional budget for Hammersmith Bridge Strengthening, of which £5m was approved by Cabinet in October 2022	5.9
Additional budget, as per agreed TfL and s106 funding, for various infrastructure and transport schemes	5
New budget for Tech-Tonic 2 device refresh programme, as approved by the Cabinet in November 2022	4.4
Additional budget for Civic Campus JV partnership loan to reflect actual cash flow forecast	3.2
Other variations	4
Budget reprofiling for HRA Asset Management and Compliance Programme to the future years	(60)
Reduction in Education City loan budget to reflect the actual cash flow forecast	(7)
Revised four -year capital programme as at Q3 2022/23	641.5

The economic outlook is uncertain with supply constraints and labour shortages, driven by the war in Ukraine, Covid and Brexit, leading to higher prices for works and materials and pressure on wages. The November inflation rate, as measured by the Consumer Price Index, is 11.1% with the Bank of England (BoE) forecasting that it will remain at elevated levels at around 7.4% throughout much of 2023, before falling to 2% two years ahead. As part of their policy response to the increase in inflation the BoE have increased the interest base rate to 3% with further increases likely. The upturn in inflation represents a significant financial risk to the capital programme as it impacts on budgeted costs, contractor performance, potential receipts and scheme viabilities. This risk needs to be kept under review with mitigating actions taken as necessary.

As part of their policy response to the increase in inflation the BoE increased the interest base rate to 3% in November 2022. (it was 0.25% in December 2021). The interest rate regarding long-term borrowing from the Public Works Loans Board (PWLb) now stands at 3.78% compared to 1.5% in December 2021. Economists are forecasting further base rate increases to mitigate inflationary pressures over the next 12 months.

The Council's underlying need to borrow (Capital Financing Requirement - CFR) to support the capital programme is forecast to increase by £376.6m over the next 4 years (£58.8m regarding the headline General Fund CFR, £98.9m regarding self-

financing schemes and £218.9m regarding the Housing Revenue Account). For illustrative purposes it is currently estimated that the increase of £58.8m in the General Fund CFR will result in an estimated additional revenue budget requirement of £4.2m ¹per annum by 2026/27.

The wider economic challenges including an increase in build and labour cost inflation, plus increased borrowing costs as a result of rising interest rates is bad news for the council and will result in additional financial pressures that must be addressed through the Medium-Term Financial Strategy and HRA business plan. Actions that may partially mitigate against the increase in interest rates, such as use of available internal cash balances or borrowing for shorter-term periods, will continue to be explored with the Council's Treasury Management Team. The revenue affordability and financial sustainability of the council's current, and future, capital expenditure plans, including self-financing schemes, will also need to be reviewed on an ongoing basis and as part of the development of the 2023-27 capital programme.

Andre Mark, Head of Strategic Planning and Investment, 07776 673 099, 8 December 2022

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.

Jade Monroe, Chief Solicitor, Social Care 0208 753 2695, 29th December 2022

Background Papers Used in Preparing This Report

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

- Capital Programme 2022-26 (published February 2022)

CAPITAL PROGRAMME 2022-23 – Q3 OVERVIEW

1. The updated Quarter 3 capital programme is summarised in Table 1. The 2022/23 programme has decreased by £5m to £199.8m in comparison to the previous quarter. All the variations are detailed in Appendix 2.

¹ Current cost of borrowing rate of 7.06% calculated using the latest discounted certainty PWLB interest rate of 3.78% and minimum revenue provision (MRP) of 3.28%. MRP on new developments is charged at 2%.

Table 1 – LBHF Capital Programme 2022-26 with proposed 2022-23 Q3 variations

	2022/23 Revised Budget (Q2)	Total Variations £'000	2022/23 Revised Budget (Q3)		2023/24 £'000	2024/25 £'000	2025/26 £'000	Total Budget (All years) £'000
CAPITAL EXPENDITURE								
Children's Services	6,294	(4,888)	1,406		4,618	3,349	500	9,873
Social Care	3,455	(957)	2,498		957	-	-	3,455
Environment Department	28,136	1,044	29,180		14,143	4,511	3,515	51,349
Finance and Resources Department	6,188	(914)	5,274		3,244	2,080	-	10,598
General Fund Schemes under the Economy Department	86,336	2,924	89,260		62,388	16,124	3,435	171,207
Sub-total (General Fund)	130,409	(2,791)	127,618		85,350	26,064	7,450	246,482
Economy Department-HRA Programme	74,360	(2,208)	72,152		117,127	133,718	71,999	394,996
Sub-total Economy Department (HRA)	74,360	(2,208)	72,152		117,127	133,718	71,999	394,996
Total Expenditure	204,769	(4,999)	199,770		202,477	159,782	79,449	641,478
CAPITAL FINANCING								
Specific/External Financing:								
Government/Public Body Grants	16,923	(4,839)	12,084		6,235	3,349	500	22,168
Grants and Contributions from Private Developers (includes S106/CIL)	18,912	(1,279)	17,633		12,617	10,018	4,704	44,972
Capital Grants/Contributions from Non-departmental public bodies	1,502	(85)	1,417		35	-	-	1,452
Capital Grants and Contributions from GLA Bodies	9,059	796	9,855		8,775	9,424	4,537	32,591
Leaseholder Contributions (Housing)	1,598	1,104	2,702		2,833	2,750	2,737	11,022
Sub-total - Specific Financing	47,994	(4,303)	43,691		30,495	25,541	12,478	112,205
Mainstream Financing (Internal):								
Capital Receipts - General Fund	14,678	(31)	14,647		31	-	-	14,678
Capital Receipts - HRA	2,647	-	2,647		6,786	6,947	31,087	47,467
Major Repairs Reserve (MRR)	17,305	-	17,305		17,386	18,312	18,780	71,783
General Fund Revenue Funding	10	(10)	-		10	-	-	10
Earmarked Reserves (Revenue)	934	(679)	255		2,711	1,845	-	4,811
Sub-total - Mainstream Funding	35,574	(720)	34,854		26,924	27,104	49,867	138,749
Borrowing-General Fund	73,377	3,336	76,713		68,367	19,635	6,950	171,665
Borrowing -HRA	47,824	(3,312)	44,512		76,691	87,502	10,154	218,859
Total Capital Financing	204,769	(4,999)	199,770		202,477	159,782	79,449	641,478

GENERAL FUND – MAINSTREAM PROGRAMME AND CAPITAL RECEIPTS

- The General Fund (GF) mainstream programme cuts across the departments and represents schemes which are funded from Council resources (capital receipts or borrowing). It is the area of the programme where the Council has the greatest discretion. The mainstream programme and quarter 3 movements are summarised in Table 2 and identify a £0.4m increase in 2022/23 expenditure.

Table 2 – LBHF GF Mainstream Capital Programme 2022-26 with proposed 2022-23 Q3 variations:

	Revised Budget 2022/23 (Q2) £'000	Variations (Q3) £'000	Revised Budget 2022/23 (Q3) £'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]	129	-	129	-	-	-	129
Invest to Save-Flexible Use of Capital Receipts [FIN]	5,274	-	5,274	-	-	-	5,274
Investment in Digital Infrastructure [RES]	914	(914)	-	914	-	-	914
Capital Investment in Street Lighting [ENV]	665	-	665	-	-	-	665
WMC JV Exit Costs [ECD]	1,873	-	1,873	-	-	-	1,873
Carnwath Road [ECD]	-	-	-	1,870	-	-	1,870
Hammersmith Bridge Strengthening [ENV]	2,397	890	3,287	-	-	-	3,287
Hammersmith Bridge Pre Restoration Works [ENV]	1,186	578	1,764	1,087	-	-	2,851
Public CCTV [ENV]	510	-	510	1,370	1,135	1,139	4,154
Other Highways Capital Schemes [ENV]	214	-	214	-	-	-	214
North End Road - Good Growth Fund [ECD]	1,152	-	1,152	-	-	-	1,152
HRA Watermeadow adjustment [ECD]	1,524	-	1,524	-	-	-	1,524
Foster carers' extension [CHS]	184	(173)	11	173	-	-	184
Leisure Centre Capital Investment [ENV]	358	-	358	90	-	-	448
Planned Maintenance/DDA Programme [ECD]	7,366	-	7,366	3,400	2,400	2,400	15,566
Electric Vehicles [ENV]	150	-	150	-	-	-	150
Footways and Carriageways [ENV]	2,386	-	2,386	2,030	2,030	2,030	8,476
Column Replacement [ENV]	363	-	363	346	346	346	1,401
Parks Programme & Libraries [ENV]	169	-	169	-	-	-	169
Hammersmith Town Hall Refurbishment [ECD]	5,741	-	5,741	18,808	-	-	24,549
Community Schools Programme [ECD]	921	-	921	262	-	-	1,183
Education City Youth Zone [ECD]	3,500	-	3,500	-	-	-	3,500
Farm Lane/Mund Street [ECD]	209	-	209	1,105	479	511	2,304
Investment in Affordable Housing-Lillie Road Site [ECD]	1,185	-	1,185	100	-	-	1,285
Total Mainstream Programmes	38,370	381	38,751	31,555	6,390	6,426	83,122
Financing							
Capital Receipts	14,678	(31)	14,647	31	-	-	14,678
Increase/(Decrease) in Borrowing	23,692	412	24,104	31,524	6,390	6,426	68,444
Total Financing	38,370	381	38,751	31,555	6,390	6,426	83,122

- The mainstream programme presented in Table 2 does not include self-financing schemes (where the net General Fund revenue borrowing costs are nil). Appendix 5 details the self-financing schemes and their borrowing requirement.
- A key financial focus of the capital monitoring report is the potential impact of capital expenditure on future borrowing and its revenue affordability. The Council's underlying need to borrow for a capital purpose is measured through the CFR and incorporates the forecast borrowing for the mainstream programme. The current forecast for the General Fund Headline CFR (excluding the self-financing schemes set out in Appendix 5) is set out below:

	Last forecast (2022/23 Q2)	Current forecast (2022/23 Q3)
General Fund CFR	£m	£m
2021/22 Closing CFR (actual)	128.91	128.91
2022/23 Closing CFR	151.04	151.45
2025/26 Closing CFR	185.14	187.71

5. The underlying need to borrow is forecast to increase by £58.8m over the next four years. By 2026/27 illustrative modelling indicates that this will increase annual revenue borrowing costs by an estimated £4.2m. This will need to be allowed for within future budget planning and the medium-term financial strategy process.
6. The mainstream forecast assumes funding of £14.7m (including £1.5m brought forward from 2021/22) from capital receipts. These will be partially used to support invest to save expenditure and IT investment in accordance with the council's reserve strategy and action plan.
7. New capital receipts of £13.78m are anticipated in 2022/23. These will be used to support investment in the Council's General Fund capital schemes. Should the receipts slip to future years, or not proceed, then there is a risk that the 2022/23 CFR increase will be greater than the current forecast.
8. In August 2021, £6m capital budget with regards to Hammersmith Bridge stabilisation works was approved via Leader's Urgency Report (LUR). An additional £2.9m budget was approved by the Cabinet in December 2021 following a further review of total project costs. In line with government announcements, central government and 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 (an increase in the Council's Capital Financing Requirement).
9. Further review of the project in October 2022 has revealed that the project's budget contingency is now fully committed and further budget of £0.890m is required. This additional budget is required in part to rising costs of steel as a result of the war in Ukraine. The additional budget will be funded from borrowing, resulting in estimated additional revenue costs of £0.063m per annum.
10. The General Fund capital programme includes several regeneration schemes that are at an early stage. These include £6.6m for the Farm Lane, Mund Street and Lillie Road developments, £2.2m for the Community Schools Programme and £3.5m for Watermeadow Joint Venture exit costs. Should these schemes not fully progress there is a risk that some, or all, of the expenditure may need to be written off to revenue. As mitigation against this risk the Development Board (chaired by the Strategic Director of The Economy) is providing a gateway and governance process for these schemes before commitment of funds. An earmarked revenue reserve of £5m is also set aside as further mitigation.

11. There are currently no forecast capital receipts beyond 2022/23 and therefore will rely on borrowing to finance capital programmes in future years. However, the Council's Property Transformation team is systematically reviewing all assets as part of asset management best practice and as part of the wider accommodation 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 report.

HOUSING CAPITAL PROGRAMME OVERVIEW

12. Housing Capital expenditure for 2022/23 is forecast at £72.2m and for the four-year programme to 2025/26 spend is expected to be £395m. The expenditure and funding analysis of the Housing Programme is summarised in Table 3 below.

Table 3 – Housing Capital Programme 2022-26 with proposed 2022-23 Q3 variations:

	Revised Budget 2022/23 (Q2)	Total Variations	Revised Budget 2022/23 (Q3)	Indicative 2023/24 Budget	Indicative 2024/25 Budget	Indicative 2025/26 Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure						
HRA Asset Management and Compliance Programme	57,682	(2,208)	55,474	54,162	62,224	59,426
Building Homes and Communities Strategy	13,455	-	13,455	23,516	32,014	4,484
Other HRA Capital Schemes	3,223	-	3,223	39,449	39,480	8,089
Total Housing Programme	74,360	(2,208)	72,152	117,127	133,718	71,999
Available and Approved Resource						
Capital Receipts - Unrestricted	1,954	-	1,954	4,000	6,947	31,087
Capital Receipts - RTB (141)	693	-	693	2,786	-	-
Capital Receipts - GF	1,432	-	1,432	-	-	-
Major Repairs Reserve (MRR)	17,305	-	17,305	17,386	18,312	18,780
Contributions Developers (S106)	456	-	456	5,782	9,018	4,704
Contributions from leaseholders	1,598	1,104	2,702	2,833	2,750	2,737
Capital Grants from Central Government	239	-	239	-	-	-
Capital Grants and Contributions from GLA Bodies	49	-	49	3,006	4,689	3,069
RtB GLA Ringfence	2,702	-	2,702	4,899	4,735	1,468
Borrowing (HRA)	47,824	(3,312)	44,512	76,435	87,267	10,154
Borrowing (GF)	108	-	108	-	-	-
Total Funding	74,360	(2,208)	72,152	117,127	133,718	71,999

13. Within the Housing Capital Programme there has been a net budget decrease of £2.2m. 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 18-21.

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

Table 4 – HRA CFR at Q3 2022-23 (including future years forecast):

HRA CFR Forecast	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Closing Forecast HRA CFR	256.97	301.48	378.17	465.67	475.82

15. The Housing Revenue Account 2022/23 CFR has increased by £44.5m in comparison to 2021/22. This is mainly due to 2021/22 budgets being reprofiled to 2022/23 and an increase in budget for the HRA Asset Management and Compliance Programme. The HRA CFR is forecast to increase to £475.8m by the end of 2025/26.

HOUSING CAPITAL PROGRAMME RISKS

16. The following risks associated with funding of future years' expenditure have been identified within the Housing Capital programme:
17. **S106 Funding:** The proposed programme for 2022/23–2025/26 relies on £20m 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. There is a risk should such contributions materialise.
18. **Right to Buy funding (GLA):** 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 31 March 2022, the GLA held £23.9m of Hammersmith & Fulham RTB receipts. To fully utilise these, the Council will need to approve expenditure of £79m by Q2 2023/24 on qualifying new build schemes. Whilst current monitoring indicates that such receipts will be fully utilised, there is a risk that any delay in progressing the schemes may prevent the full use of such receipts.
19. **Right to Buy funding (retained):** The Council has retained £10.1m of RTB 1-4-1 receipts which need to be spent within five years from the date of retention on eligible expenditure in respect of building new affordable housing schemes. £1.5m of these receipts is due to be spent by 31 March 2023. Should these receipts not be spent in a timely basis, the Council will have to repay them back to the Department of Levelling Up, Housing and Communities (DLUHC) with interest which would be an additional cost to the HRA.
20. **Building Safety Act and Fire Safety Act:** The Building Safety Act came into force on 28 April 2022 whereas the Fire Safety Act was enacted in 2021. These legislations 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, was approved by the Cabinet in September 2021. Four-year spend for the period 2022/23-2025/26 has already been incorporated into the current Capital Programme. 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

21. This report reports the quarter 3 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

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

RISK MANAGEMENT

23. 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, Brexit and the war in Ukraine 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.
24. 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.
25. 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.
26. The Fire Safety Act 2021 (the Act) received Royal Assent on 29 April 2021 and commenced on 16 May 2022. The Act amended the Regulatory Reform (Fire Safety) Order 2005 (the Fire Safety Order). The Act confirms that responsible persons (RPs) for multi-occupied residential buildings must assess, manage and put in place measures to reduce the risk of fire for the structure and external walls of the building, including cladding, balconies and windows, and entrance doors to individual flats that open into common parts.
27. 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.

28. 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.
29. Proposals set out in this report seek to comply with the Council's legal duties.
30. The report sets out the ongoing economic uncertainty, including the potential for further interest rate rises to be agreed by the Bank of England, and identifies actions which will, in part, mitigate this risk.
31. Implications verified by: Ray Chitty, Head of Tri-Borough Insurance Service, 21st December 2022.

VAT IMPLICATIONS

32. 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.
33. Implications verified by: Joanna Monaghan, Principal Accountant (Taxation), Corporate Finance, 22nd December 2022.

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 2022/23 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2022/23 (Q3)	2023/24 Budget	2024/25 Budget	2025/26 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary										
SEN sufficiency	721	(471)	-	-	(471)	250	946	175	-	1,371
Foster carers' extension	184	(173)	-	-	(173)	11	173	-	-	184
Caretakers' lodges	15	(15)	-	-	(15)	-	-	-	-	0
School Maintenance Programme	5,374	(4,229)	-	-	(4,229)	1,145	3,499	3,174	500	8,318
Total Expenditure	6,294	(4,888)	-	-	(4,888)	1,406	4,618	3,349	500	9,873
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	6,110	(4,715)	-	-	(4,715)	1,395	4,445	3,349	500	9,689
Sub-total - Specific or Other Financing	6,110	(4,715)	-	-	(4,715)	1,395	4,445	3,349	500	9,689
Mainstream Financing (Internal Council Resource)										
Capital Receipts	42	(31)	-	-	(31)	11	31	-	-	42
Sub-total - Mainstream Funding	42	(31)	-	-	(31)	11	31	-	-	42
Borrowing	142	(142)	-	-	(142)	-	142	-	-	142
Total Capital Financing	6,294	(4,888)	-	-	(4,888)	1,406	4,618	3,349	500	9,873

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)						2023/24 Budget	2024/25 Budget	2025/26 Budget	Total Budget (All years)
	Revised Budget 2022/23 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2022/23 (Q3)				
	£'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	1,308	-	-	-	-	1,308	-	-	-	1,308
Transforming Care (Winterbourne Grant)	300	-	-	-	-	300	-	-	-	300
Social Care Capital Projects	890	-	-	-	-	890	-	-	-	890
Total Expenditure	3,455	(957)	-	-	(957)	2,498	957	-	-	3,455
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	3,026	(957)	-	-	(957)	2,069	957	-	-	3,026
Capital Grants/Contributions from Non-departmental public bodies	300	-	-	-	-	300	-	-	-	300
Sub-total - Specific or Other Financing	3,326	(957)	-	-	(957)	2,369	957	-	-	3,326
Borrowing	129	-	-	-	-	129	-	-	-	129
Total Capital Financing	3,455	(957)	-	-	(957)	2,498	957	-	-	3,455

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 2022/23 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2022/23 (Q3)	2023/24 Budget	2024/25 Budget	2025/26 Budget	Total Budget (All years)	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary										
Footways and Carriageways	2,560	(94)	-	-	(94)	2,466	2,124	2,030	2,030	8,650
Transport For London Schemes	1,426	(37)	-	-	(37)	1,389	37	-	-	1,426
Column Replacement	363	-	-	-	-	363	346	346	346	1,401
Capital Investment in Street Lighting	665	-	-	-	-	665	-	-	-	665
Electric Vehicle Infrastructure	3,269	-	-	-	-	3,269	-	-	-	3,269
Other Highways Capital Schemes	3,632	(1,357)	(36)	-	(1,393)	2,239	6,170	1,000	-	9,409
Hammersmith Bridge Existing Works	60	-	-	-	-	60	-	-	-	60
Hammersmith Bridge Stabilisation Works	8,330	-	890	-	890	9,220	-	-	-	9,220
Hammersmith Bridge Pre Restoration Works	3,500	(2,500)	5,000	-	2,500	6,000	2,500	-	-	8,500
Waste Collection and Disposal Projects	473	(291)	(10)	-	(301)	172	291	-	-	463
Public CCTV	1,410	-	-	-	-	1,410	1,370	1,135	1,139	5,054
Parks Projects	2,090	(496)	(25)	-	(521)	1,569	1,215	-	-	2,784
Leisure Centre Capital Investment	358	-	-	-	-	358	90	-	-	448
Total Expenditure	28,136	(4,775)	5,819	-	1,044	29,180	14,143	4,511	3,515	51,349

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 2022/23 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2022/23 (Q3)	2023/24 Budget	2024/25 Budget	2025/26 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	7,548	(833)	1,666	-	833	8,381	833	-	-	9,214
Grants and Contributions from Private Developers (includes S106/S278)	4,511	(1,303)	27	(3)	(1,279)	3,232	6,835	1,000	-	11,067
Capital Grants/Contributions from Non-departmental public bodies	1,175	(35)	(50)	-	(85)	1,090	35	-	-	1,125
Capital Grants and Contributions from GLA	5,560	(870)	1,666	-	796	6,356	870	-	-	7,226
Sub-total - Specific or Other Financing	18,794	(3,041)	3,309	(3)	265	19,059	8,573	1,000	-	28,632
Mainstream Financing (Internal Council Resource)										
Capital Receipts	844	-	-	-	-	844	-	-	-	844
General Fund Revenue Account (revenue funding)	10	(10)	-	-	(10)	-	10	-	-	10
Use of Reserves	934	(637)	(45)	3	(679)	255	637	-	-	892
Sub-total - Mainstream Funding	1,788	(647)	(45)	3	(689)	1,099	647	-	-	1,746
Borrowing	7,554	(1,087)	2,555	-	1,468	9,022	4,923	3,511	3,515	20,971
Total Capital Financing	28,136	(4,775)	5,819	-	1,044	29,180	14,143	4,511	3,515	51,349

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)					2023/24 Budget	2024/25 Budget	2025/26 Budget	Total Budget (All years)
	Revised Budget 2022/23 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary									
Invest to Save - Flexible Use of Capital Receipts	5,114	-	-	-	-	-	-	-	5,114
Investment in Digital Infrastructure	914	(914)	-	-	(914)	914	-	-	914
Tech- tonic 2 Device refresh	-	(4,410)	4,410	-	-	2,330	2,080	-	4,410
Business Intelligence Infrastructure	160	-	-	-	-	-	-	-	160
Total Expenditure	6,188	(5,324)	4,410	-	(914)	3,244	2,080	-	10,598
Capital Financing Summary									
Mainstream Financing (Internal Council Resource)									
Capital Receipts	5,274	-	-	-	-	-	-	-	5,274
Use of Reserves	-	(3,919)	3,919	-	-	2,074	1,845	-	3,919
Sub-total - Mainstream Funding	5,274	(3,919)	3,919	-	-	2,074	1,845	-	9,193
Borrowing (GF)	914	(914)	-	-	(914)	914	-	-	914
Borrowing (HRA)	-	(491)	491	-	-	256	235	-	491
Total Capital Financing	6,188	(5,324)	4,410	-	(914)	3,244	2,080	-	10,598

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)						2023/24 Budget	2024/25 Budget	2025/26 Budget	Total Budget (All years)
	Revised Budget 2022/23 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2022/23 (Q3)	£'000	£'000	£'000	£'000
Scheme Expenditure Summary	£'000	£'000	£'000	£'000	£'000	£'000				
Civic Campus										
Hammersmith Town Hall Refurbishment	16,414	-	-	-	-	16,414	18,808	-	-	35,222
Acquisition of commercial units	8,631	12,131	-	-	12,131	20,762	16,751	12,315	-	49,828
Commercial Units- Cinema Fit Out	1,750	-	-	-	-	1,750	-	-	-	1,750
Equity Loan (Civic Campus)	16,469	-	-	(6,826)	(6,826)	9,643	-	-	-	9,643
JV Partnership Loan (Civic Campus)	-	(5,381)	3,174	6,826	4,619	4,619	5,381	-	-	10,000
Subtotal Civic Campus	43,264	6,750	3,174	-	9,924	53,188	40,940	12,315	-	106,443
Building Homes and Communities Strategy (GF sites)										
Education City Loan	22,835	-	(7,000)	-	(7,000)	15,835	14,711	930	524	32,000
Education City -Youth Facility	5,250	-	-	-	-	5,250	-	-	-	5,250
Farm Lane	691	-	-	-	-	691	200	-	-	891
Mund Street	1,040	-	-	-	-	1,040	905	479	511	2,935
Community Schools Programme	921	-	-	-	-	921	262	-	-	1,183
Investment in Affordable Housing-Lillie Road Site	1,184	-	-	-	-	1,184	100	-	-	1,284
Subtotal Building Homes and Communities Strategy (GF sites)	31,921	-	(7,000)	-	(7,000)	24,921	16,178	1,409	1,035	43,543
Other GF Capital Schemes managed by the Economy										
Sands End Community Centre	27	-	-	-	-	27	-	-	-	27
Planned Maintenance/DDA Programme	7,366	-	-	-	-	7,366	3,400	2,400	2,400	15,566
Carnwath Road	-	-	-	-	-	-	1,870	-	-	1,870
North End Road - Business Low Emissions Neighbourhood	160	-	-	-	-	160	-	-	-	160
North End Road - Good Growth Fund	1,741	-	-	-	-	1,741	-	-	-	1,741
WMC JV Exit Costs	1,857	-	-	-	-	1,857	-	-	-	1,857
Subtotal Other GF Capital Schemes managed by the Economy	11,151	-	-	-	-	11,151	5,270	2,400	2,400	21,221
Total Expenditure	86,336	6,750	(3,826)	-	2,924	89,260	62,388	16,124	3,435	171,207

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)						2023/24 Budget	2024/25 Budget	2025/26 Budget	Total Budget (All years)
	Revised Budget 2022/23 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2022/23 (Q3)	£'000	£'000	£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000				
Capital Financing Summary										
Specific/External or Other Financing										
Grants and Contributions from Private Developers (includes S106)	3,272	-	-	-	-	3,272	-	-	-	3,272
Community Infrastructure Levy (CIL)	10,673	-	-	-	-	10,673	-	-	-	10,673
Capital Grants/Contributions from Non-departmental public bodies	27	-	-	-	-	27	-	-	-	27
Capital Grants and Contributions from GLA Bodies	748	-	-	-	-	748	-	-	-	748
Sub-total - Specific or Other Financing	14,720	-	-	-	-	14,720	-	-	-	14,720
Mainstream Financing (Internal Council Resource)										
Capital Receipts (GF)	7,086	-	-	-	-	7,086	-	-	-	7,086
Sub-total - Mainstream Funding	7,086	-	-	-	-	7,086	-	-	-	7,086
GF Borrowing	64,530	6,750	(3,826)	-	2,924	67,454	62,388	16,124	3,435	149,401
Total Borrowing	64,530	6,750	(3,826)	-	2,924	67,454	62,388	16,124	3,435	149,401
Total Capital Financing	86,336	6,750	(3,826)	-	2,924	89,260	62,388	16,124	3,435	171,207

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)					Indicative Future Years Analysis					
	Revised Budget 2022/23 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2022/23 (Q3)	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary											
HRA Asset Management and Compliance Programme											
Pre Agreed Works	9,979	(1,262)	-	-	(1,262)	8,717	4,180	10,014	7,368	11,558	30,279
Fire Safety Compliance Programme	6,265	228	-	-	228	6,493	8,691	6,489	3,400	5,450	25,073
Fire Safety Complex Schemes	3,941	13	-	-	13	3,954	15,295	16,925	13,781	-	49,955
Lift Schemes	1,205	-	-	-	-	1,205	3,962	750	750	800	6,667
Boiler Schemes	2,960	470	-	-	470	3,430	4,500	6,140	4,370	4,670	18,440
Safety Works - Electrical	7,207	-	-	-	-	7,207	9,128	2,250	2,000	4,360	20,585
Safety Works	4,159	162	-	-	162	4,321	7,960	8,950	17,954	19,100	39,185
Void Works	2,494	297	-	-	297	2,791	3,173	1,200	1,200	1,200	8,364
Other Capital Improvements	6,037	(2,116)	-	-	(2,116)	3,921	9,273	1,861	1,050	750	16,105
Capitalised salaries	4,957	-	-	-	-	4,957	5,611	5,600	5,600	3,300	21,768
Capitalised repairs	7,752	-	-	-	-	7,752	4,040	4,070	3,500	3,500	19,362
Climate Emergency and Other future works	2,718	-	-	-	-	2,718	15,280	18,835	17,160	22,760	53,993
Allowance for program slippage for financial modelling purposes	(1,992)	-	-	-	-	(1,992)	(36,931)	(20,860)	(18,707)	(18,588)	(78,490)
Subtotal HRA Asset Management and Compliance Programme	57,682	(2,208)	-	-	(2,208)	55,474	54,162	62,224	59,426	58,860	231,286
Building Homes and Communities Strategy (HRA sites)											
Homes & Communities Strategy	1,320	-	-	-	-	1,320	68	-	-	-	1,388
White City Estate Regeneration	1,171	-	-	-	-	1,171	582	542	542	540	2,837
Becklow Gardens	220	-	-	-	-	220	725	300	230	203	1,475
Barclay Close	110	-	-	-	-	110	456	155	90	90	811
Jepson House	330	-	-	-	-	330	1,575	615	315	366	2,835
The Grange	220	-	-	-	-	220	775	300	225	213	1,520
Old Laundry Yard	71	-	-	-	-	71	400	362	250	50	1,083
Education City- HRA element	10,013	-	-	-	-	10,013	18,935	29,740	2,832	-	61,520
Subtotal Building Homes and Communities Strategy (HRA sites)	13,455	-	-	-	-	13,455	23,516	32,014	4,484	1,462	73,469
Other HRA Capital Schemes											
Housing Development Project	213	-	-	-	-	213	-	-	-	-	213
Stanhope Joint Venture	325	-	-	-	-	325	8,788	13,707	7,150	-	29,970
Affordable Housing Delivery Framework	2	-	-	-	-	2	-	-	-	-	2
Property Acquisition for Affordable Housing	242	-	-	-	-	242	-	-	-	-	242
Hartopp & Lannoy	2,095	-	-	-	-	2,095	30,661	25,773	939	-	59,468
Nourish Project (Good Growth Fund)	346	-	-	-	-	346	-	-	-	-	346
Subtotal Other HRA Capital Schemes	3,223	-	-	-	-	3,223	39,449	39,480	8,089	-	90,241
Total Expenditure	74,360	(2,208)	-	-	(2,208)	72,152	117,127	133,718	71,999	60,322	394,996

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 2022/23 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2022/23 (Q3)	2023/24 Budget	2024/25 Budget	2025/26 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	239	-	-	-	-	239	-	-	-	239
Contributions from leaseholders	1,598	-	-	1,104	1,104	2,702	2,833	2,750	2,737	11,022
Grants and Contributions from Private Developers (includes S106)	456	-		-	-	456	5,782	9,018	4,704	19,960
Capital Grants and Contributions from GLA Bodies	49	-	-	-	-	49	3,006	4,689	3,069	10,813
RtB GLA Ringfence	2,702		-	-	-	2,702	4,899	4,735	1,468	13,804
Sub-total - Specific or Other Financing	5,044	-	-	1,104	1,104	6,148	16,520	21,192	11,978	55,838
Mainstream Financing (Internal Council Resource)										
Capital Receipts (HRA)	2,647	-	-	-	-	2,647	6,786	6,947	31,087	47,467
Major Repairs Reserve (MRR) / Major Repairs Allowance	17,305	-	-	-	-	17,305	17,386	18,312	18,780	71,783
Capital Receipts (GF)	1,432	-	-	-	-	1,432	-	-	-	1,432
Sub-total - Mainstream Funding	21,384	-	-	-	-	21,384	24,172	25,259	49,867	120,682
Borrowing(HRA)	47,824	(2,208)	-	(1,104)	(3,312)	44,512	76,435	87,267	10,154	218,368
Borrowing (GF)	108	-	-	-	-	108	-	-	-	108
Total Capital Financing	74,360	(2,208)	-	-	(2,208)	72,152	117,127	133,718	71,999	394,996

Appendix 2 – Analysis of budget variations

Variation by department	Amount £000
Environment Department	
Transport for London (TfL) Schemes – budget reprofiled to future years due to project delays	(37)
Other Highways Capital Schemes – budget adjustment to reflect actual external funding received and further budget reprofiling to future years	(1,393)
Footways and Carriageways - budget reprofiled to future years due to project delays	(94)
Parks Capital Projects – budget adjustment to reflect actual external funding received and further budget reprofiling to future years	(521)
Hammersmith Bridge Pre-Restoration Works - £5m additional budget approved by Cabinet in October 2022, £2.5m reprofiled to 2023/24	2,500
Waste Collection and Disposal Projects - budget reduction (£0.01m) and profiling to future years (£0.291m)	(301)
Hammersmith Bridge Stabilisation Works - additional budget request due in part to rising costs of materials.	890
Total Environment Department variations	1,044
Children's Services Department	
Budget reprofiling to future years with regards to the following schemes, mainly due to the further project delays: <ul style="list-style-type: none"> • SEN sufficiency (£0.471m) • Foster carers' extension (£0.173m) • Caretakers' lodges (remaining budget of £0.015m no longer required and transferred to School Maintenance Programme) • School Maintenance Programme (£4.229m) 	(4,888)
Total Children's Services Department variations	(4,888)
General Fund schemes under Economy Department	
Acquisition of Commercial Units - budget reprofiled from future years to reflect the revised cash flow forecast	12,131
Civic Campus Equity Loan - budget transfer to JV Partnership Loan (Civic Campus)	(6,826)
JV Partnership Loan (Civic Campus) - net movement to reflect budget transfer from Civic Campus Equity Loan (£6.826m) reprofiled to future years (£5.381m) and adjusted to reflect latest cashflow forecast (£3.174m)	4,619
Education City Loan - reduction in budget to reflect the latest cashflow forecast	(7,000)
Total General Fund schemes under Economy Department variations	2,924
Social Care Department	
Extra Care New Build project (Adults' Personal Social Services Grant) - budget reprofiled to future years as the current project plans are under review	(957)
Total Social Care Department variations	(957)
Finance and Resources Department	
Investment in Digital Infrastructure- budget reprofiled to 2023/24	(914)
Tech-tonic 2 Device refresh - £4.41m budget approved by the Cabinet in November 2022 and reprofiled to future years	-
Total Finance and Resources Department variations	(914)
Economy Department (HRA) Schemes	
Asset Management and Compliance Programme – additional budget request to fund pre agreed and void works	(2,208)
Total Economy Department (HRA) variations	(2,208)
Total 2022/23 Q3 variations	(4,999)

Appendix 3 – General Fund Capital Receipts Forecast

Financial Year	Q3 2022/23
2022/23	£'000
Receipts b/f from 2021/22	1,454
Forecast capital receipts for the year	13,775
Cost of Sales (4%)	(551)
Total 2022/23	14,678

There is risk that the cost of sales will need to be written back to revenue should the actual sales not proceed.

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, on capital expenditure on properties which are let or leased. However, under Section 33 of the VAT Act 1994, local authorities are able to recover VAT incurred in relation to VAT exempt activities, for example property transactions, as 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 exempt input tax is lost, not just the excess. A breach would likely cost the Council between £2-£3m per year whilst in breach.

LBHF 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 £2.5m (the impact on the threshold being the VAT incurred on this amount, i.e. £0.54m). 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 VAT team and the Council's tax accountant 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 GF CFR for the period 2022/23-2025/26:

Table 1 - Forecast General Fund CFR 2022/23-2025/26 (Quarter 3)

GENERAL FUND CFR ANALYSIS	2021/22	2022/23	2023/24	2024/25	2025/26
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance Requirement (CFR)	122.16	128.91	151.45	181.11	184.50
Revenue Repayment of Debt (MRP)	(1.36)	(1.56)	(1.86)	(3.00)	(3.22)
Mainstream Programme (Surplus)/Shortfall	8.11	24.10	31.52	6.39	6.43
Closing Capital Finance Requirement (CFR)	128.91	151.45	181.11	184.50	187.71
SELF FINANCING SCHEMES AND LOANS	2021/22	2022/23	2023/24	2024/25	2025/26
£m	£m	£m	£m	£m	£m
Opening Capital Finance Requirement	21.51	28.66	81.27	118.11	129.62
Revenue Repayment of Debt (MRP)	(4.42)	-	-	(1.73)	(2.59)
In Year Borrowing	11.57	52.61	36.84	13.25	0.52
Closing Capital Finance Requirement	28.66	81.27	118.11	129.62	127.55
Finance leases/PFI/ Deferred costs of disposal	8.52	7.09	6.39	5.69	4.99
Total Closing GF CFR	166.09	239.81	305.61	319.81	320.25

2. The current forecast for the General Fund (GF) Headline CFR is £151.5m at the end of 2022/23 and £187.7m by the end of 2025/26. The increase in GF Headline CFR puts additional pressures on revenue budgets.
3. The Headline CFR figures exclude:
 - £25m equity loan to the Civic Campus programme
 - £10m development financing to WKSRL LLP
 - £63m investment in acquisition of Civic Campus commercial units
 - £39m development financing to EdCity Office Ltd
 - £1.75m Civic Campus Cinema Fit-Out

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

4. CFR movements related to these schemes are presented under "Self-Financing Schemes and Loans" heading in the Table 1. CFR for these schemes is forecast to increase by £52.7m to £81.3m in 2022/23 and to £127.6m 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

	Revised Budget 2022/23 (Q2)	Variations (Q3)	Revised Budget 2022/23 (Q3)	Indicative Budget 2023/24	Indicative Budget 2024/25	Indicative Budget 2025/26	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure							
Ad Hoc Schemes:							
Education City -ARK loan	22,835	(7,000)	15,835	14,711	930	524	32,000
Acquisition of commercial units (Civic Campus) [ECD]	8,631	12,131	20,762	16,751	12,315	-	49,828
Commercial Units- Cinema Fit Out [ECD]	1,750		1,750	-	-	-	1,750
Equity Loan (Civic Campus) [ECD]	16,469	(6,826)	9,643	-	-	-	9,643
JV Partnership Loan (Civic Campus)	-	4,619	4,619	5,381	-	-	10,000
Total Mainstream Programmes	49,685	2,924	52,609	36,843	13,245	524	103,221
Financing							
Increase/(Decrease) in Borrowing	49,685	2,924	52,609	36,843	13,245	524	103,221
Total Financing	49,685	2,924	52,609	36,843	13,245	524	103,221

2. 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.
3. 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 a 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 incurs. The rate used is based on the weighted average life of an asset (2022/23 rate 3.28%).

London Borough of Hammersmith and Fulham

Report to: Cabinet

Date: 06/02/2023

Subject: Treasury Management Strategy Statement 2023/24

Report of: Councillor Rowan Ree, Cabinet Member for Finance and Reform

Report author: Sophie Green, Treasury Manager

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

This report sets out the Council's proposed Treasury Management Strategy Statement and Annual Investment Strategy for 2023/24 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

It is recommended that:

1. Approval be given to the future borrowing and investment strategies as outlined in this report.
 2. The Director of Finance, in consultation with the Cabinet Member for Finance and Reform, be delegated authority to manage the Council's cash flow, borrowing and investments in 2023/24 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
<ul style="list-style-type: none"> Building shared prosperity 	Achieve best value for money in investment and borrowing decisions.
<ul style="list-style-type: none"> Being ruthlessly financially efficient 	Effective management of the Council's cashflow resources.

Financial Impact

This report is wholly of a financial nature.

Name: Phil Triggs

Position: Director of Treasury and Pensions

Telephone: 0207 641 4136

Email: ptriggs@westminster.gov.uk

Verified by Sukvinder Kalsi, Director of Finance, January 2023

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.

Name: Jade Monroe

Position: Chief Solicitor Social Care, January 2023

Telephone: 0208 753 2695

Email: jade.monroe@lbhf.gov.uk

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

- Treasury Management Strategy Statement 2022/23 (approved by Council February 2022)
 - 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 are budgeted for 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 long-term cash flow planning, to ensure that the Council can meet its capital spending obligations. The management of long-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 2021 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 2022. CPI inflation forecasts were revised to 10.9% in 2022, 5.2% in 2023 and 1.4% in 2024.
5. The Bank of England made a majority decision on 15 December 2023 to increase Bank Rate by 0.50% to 3.50%. The Council's treasury management advisors, Link Asset Services, are currently forecasting the rate to increase to 4.50% in June 2023, before falling again to 4.00% in March 2024 and 3.00% in March 2025.
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 report 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 long-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 2023/24 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 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 2023/24 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 coming 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 to 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.

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 market's perception of the financial resilience of the authority and 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 in 2020 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 provide assurance it does not intend to buy investment assets primarily for yield.
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 2023/24 have remained at the same level compared with the 2022/23 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

	2022/23	2023/24	2024/25	2025/26
	Approved	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Authorised Limit for External:				
Borrowing and other long-term liabilities	650	650	700	750
Operational Boundary for:				
Borrowing	550	690	790	780
Other long-term liabilities	15	15	15	15
TOTAL	565	705	805	795

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 2022/23.

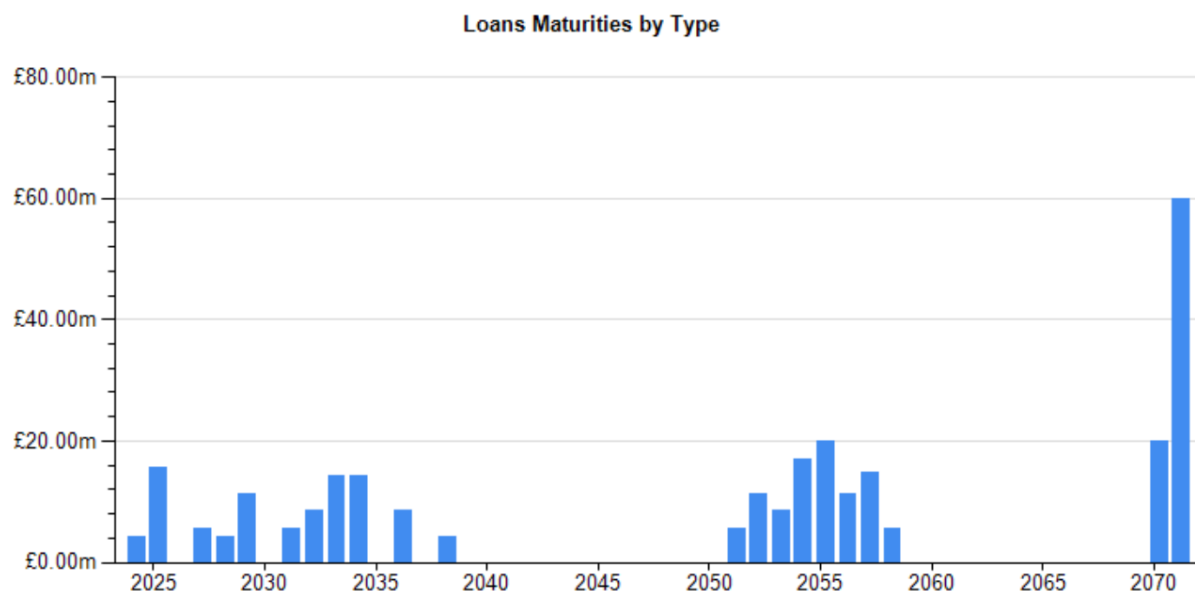
Table 2: Debt maturity profile limits

Period	Actual Maturity at 30 Sep 2022	Actual Maturity at 30 Sep 2022
	£m	%
0 to 5 years	30	11
5 to 10 Years	40	15
10 to 15 Years	27	10
15 to 20 Years	0	0
20 to 25 Years	0	0
25 to 30 Years	26	9
30 to 35 Years	69	25
35 to 40 Years	0	0
40 to 45 Years	0	0
45 to 50 Years	80	29
Total	272	100

33. The limit for debt maturity is a maximum 30% in one year. The Council is currently within these limits.

Maturity profile of long-term borrowing

34. The chart below shows that the principal repayment profile for current borrowing (as at 30 September 2022) remains within these limits.



Capital Financing Requirement (CFR)

35. 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.
36. 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

2021/22 Actuals £m		2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
CFR as at 30 September					
166	General Fund Closing CFR (detail in Table 3b)	240	306	320	320
257	Closing Forecast HRA CFR (including deferred costs of disposal)	301	378	466	476
423	TOTAL	541	684	785	796
Annual					

Change					
13	General Fund	74	66	14	0
24	HRA	45	77	88	10
37	TOTAL	118	142	102	11

37. A more detailed analysis of the closing Forecast CFR is shown below:

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

2021/22 Actuals £m		2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
129	General Fund CFR excluding self-financing schemes and loans	151	181	184	188
29	Self-financing schemes and loans	81	118	130	128
9	PFI and Finance lease liabilities	7	6	6	5
166	TOTAL	240	306	320	320

38. 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

2021/22 Actual £m		2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
272	Gross Projected Debt	272	589	690	701
423	Capital Financing Requirement	541	684	785	796
151	Under / (over) borrowing	270	95	95	95

Affordability

39. The objective of the affordability indicators is to ensure that the level of investment in capital assets proposed remains within sustainable limits, including 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:

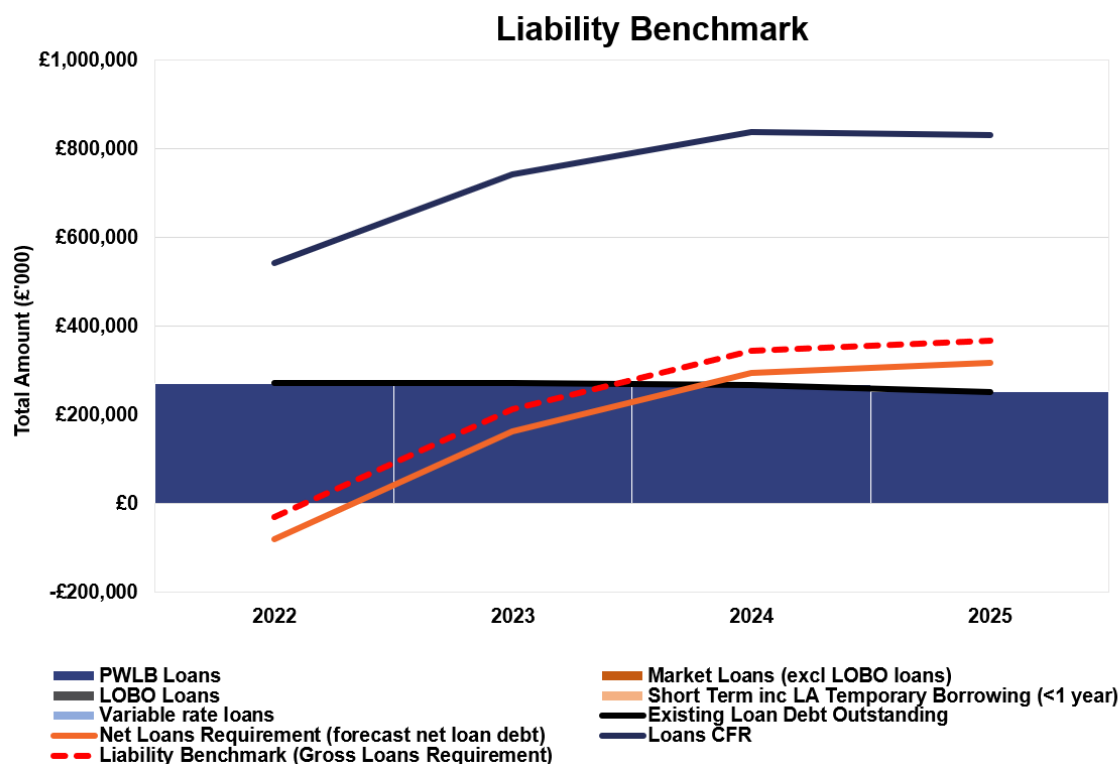
Table 5: Ratio of capital financing costs to income

2021/22		2022/23	2023/24	2024/25	2025/26
Actual		Forecast	Estimate	Estimate	Estimate
%		%	%	%	%
(0.62)	General Fund	(0.13)	(2.39)	(1.82)	(1.87)
6.04	HRA	6.18	4.56	4.60	4.47

40. From 2023/24 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.
41. 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.

Liability Benchmark

42. The updated prudential code requires the Council to produce a liability benchmark. The Council is required to estimate and measure the liability benchmark for the forthcoming financial year and the following two financial years, as a minimum.
43. There are four components to the Liability Benchmark:
 - **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
 - **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
 - **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
 - **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.
44. The liability benchmark uses the above information to plan the future borrowing requirements of the Council.
45. Based on the current calculations, the liability benchmark forecasts that the Council would need to borrow £78m in 2023/24, and a further £37m in 2024/25 (collective £115m requirement).



Minimum Revenue Provision (MRP) Policy

46. 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.
47. 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

48. 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.

49. 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

50. 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 light of the current treasury position and the cost of debt repayment (premiums incurred), which are very costly.
51. 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.
52. 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.
53. Any rescheduling must be authorised by the Director of Finance in consultation with the lead Cabinet Member.

CAPITAL

Capital spending plans

54. The Prudential Code requires that any borrowing and investment decisions are taken in light of capital spending plans and consideration of how that proposed capital expenditure will be financed. The Council's capital expenditure plans have been reported in the four-year capital programme 2022/23 to 2025/26 reported elsewhere on the Committee's agenda, both in terms of those agreed previously, and those forming part of the current budget cycle.
55. Any slippage against the capital programme, or new capital approvals, will impact the figures reported throughout this report.

Housing Revenue Account (HRA) borrowing

56. Local authorities with a HRA are able to borrow against their expected rental income, in line with the Prudential Code.
57. For the period 2022/23 to 2025/26, based on the planned four-year capital programme and due to reduced cash balances from the latter half of 2022/23 onwards, the HRA may need to actively consider new external borrowing.

58. 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 SONIA rate applied to the under borrowed position.

Other investment opportunities

59. 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.
60. 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

61. Table 6 below shows that cash balances have increased by £5m. The cash largely comprises the Council's usable reserves, capital receipts and unspent grants.

Table 6: Cash position at 30 September 2022

As at 31 March 2022			As at 30 September 2022		
Principal	Average Rate		Principal	Average Rate	
£m	%		£m	%	
Investments					
329	0.5	Specified	334	1.9	
0	0.0	Non-Specified	0	0.0	
329		Total	334		
Borrowing					
272	3.8	Public Works Loan Board	272	3.8	
272		Total	272		

62. 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

63. The Bank Rate was increased in December 2023 to 3.50%. The rate is predicted to increase to 4.50% in June 2023 before starting to decline in March 2024. The Council should therefore see an increase in investment returns for 2023/24.
64. Money Market Funds (MMFs) and Debt Management Account Deposit Facility (DMADF) yields have significantly increased since 1 April 2022 in response to Bank Rate rises.
65. The Table in Appendix C, provided by the treasury consultant, sets out the forecasted rates.

Council policy on investing and managing risk

66. The aim is to manage risk and reduce the impact of any adverse movement in interest rates while providing sufficient flexibility to capitalise on opportunities to reduce costs or improve performance.

Balancing short- and longer-term investments

67. During the first half of 2022/23, there have been no new investments of surplus funds for more than 364 days. The 2023/24 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

2021/22 Actual £m	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
0	120	120	120	120

Annual Investment Strategy

68. The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves.
69. 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 ensuring the security and liquidity of those investments. This strategy is set out in Appendix E.
70. 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)

71. 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.
72. 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 2022/23 and it is not envisaged at this stage that there will be any difficulty in achieving compliance with the suggested indicators for 2023/24.

Indicator	2022/23 indicator	2022/23 forecasted	2023/24 proposed
Capital expenditure	£191m	£200m	£203m
Capital Financing Requirement (CFR)	£557m	£541m	£684m
Net debt vs CFR	Lower limit £95m underborrowed	Actual £269m underborrowed	Lower limit £95m underborrowed
Ratio of financing costs to revenue stream	GF (0.13%) HRA 6.18%	GF (0.13%) HRA 6.18%	GF (2.39%) HRA 4.56%
Authorised limit for external debt	Maximum limit £650m	Actual £272m	Maximum limit £650m
Operational debt boundary	£570m	Actual £272m	£705m
Working capital balance	£0m	£0m	£0m
Limit on surplus funds invested for more than 364 days (non-specified investments)	Maximum limit £120m	Actual £0m	Maximum limit £120m
Maturity structure of borrowing	Upper limit under 12 months: 15% Lower limit 10 years and above: 100%	Upper limit under 12 months: 2% Lower limit 10 years and above: 81%	Upper limit under 12 months: 15% Lower limit 10 years and above: 100%

Reasons for Decision

73. This report represents the Council’s Treasury Management Strategy Statement for 2023/2024. 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

74. 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

75. 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.
76. Treasury risks present themselves in many forms. These include failure to optimise performance by not taking advantage of opportunities, or managing exposure to changing economic circumstances. Most recently the situation is somewhat uncertain due to the impact of the pandemic and the subsequent high levels of inflation. In adopting a policy of managing risk, an authority is determining its level of risk acceptance.
77. 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.
78. 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, January 2023.

Climate and Ecological Emergency Implications

79. 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.

80. The Council will consider investments that deliver environmental and social benefits, provided that security and liquidity criteria have already been met.

Local Economy and Social Value

81. 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, *January 2023*.

Consultation

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

List of Appendices:

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

THE TREASURY MANAGEMENT POLICY STATEMENT

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

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

This Council defines its Treasury Management activities as:

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

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

MEETING CIPFA REQUIREMENTS

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

- Maintaining a Treasury Management Policy Statement setting out the policies and objectives of the Council's treasury management activities
- Maintaining a statement of Treasury Management Practices that sets out the manner in which the Council will seek to achieve these policies and objectives
- Presenting the Full Council with an annual Treasury Management Strategy Statement, including an annual investment strategy (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 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

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.

Link Group Interest Rate View	08.11.22													
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50	
3 month ave eamings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50	
6 month ave eamings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60	
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70	
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10	
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20	
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50	
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20	

The following table gives their central view:

Source: Link Asset Services

2. Link's central forecast reflects a view that the MPC will be keen to demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened throughout 2022, but the new Government's policy of emphasising fiscal rectitude will possibly mean Bank Rate does not now need to increase to further than 4.5%.
3. Further down the road, it is anticipated that the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
4. The CPI measure of inflation will peak at close to 11.0% in Q4 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market. Wage increases, excluding bonuses, are currently running at 5.7%.
5. The plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening) has started but will focus on the short to medium end of the curve for the present. This approach will prevent any further disruption to the longer end of the curve following on from the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy.
6. In the upcoming months, Link's forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.
7. On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion

some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

8. Yield curve movements have become less volatile under the Sunak/Hunt government. PWLB 5 to 50 years Certainty Rates are, generally, in the range of 3.75% to 4.50%. The medium to longer part of the yield curve is currently inverted (yields are lower at the longer end of the yield curve compared to the short to medium end).
9. Link views the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook but markets are volatile and further volatile movement of gilt yields across the whole spectrum of the curve is possible.

Balance of risks to the UK economy:

10. The overall balance of risks to economic growth in the UK is to the downside. Indeed, the Bank of England projected two years of negative growth in their November Quarterly Monetary Policy Report.

Downside Risks to current forecasts for UK gilt yields and PWLB rates

11. Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
12. The Bank of England acts too quickly, or too far, over the next two years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
13. 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.
14. Geopolitical risks, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

15. The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate faster than we currently expect.
16. The Government acts too slowly to increase taxes and/or cut expenditure to balance the public finances, in the light of the cost-of-living squeeze.

17. The pound weakens because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
18. Longer term US treasury yields rise strongly, if inflation numbers disappoint on the upside, and pull gilt yields up higher than currently forecast.

Source: Link Asset Services

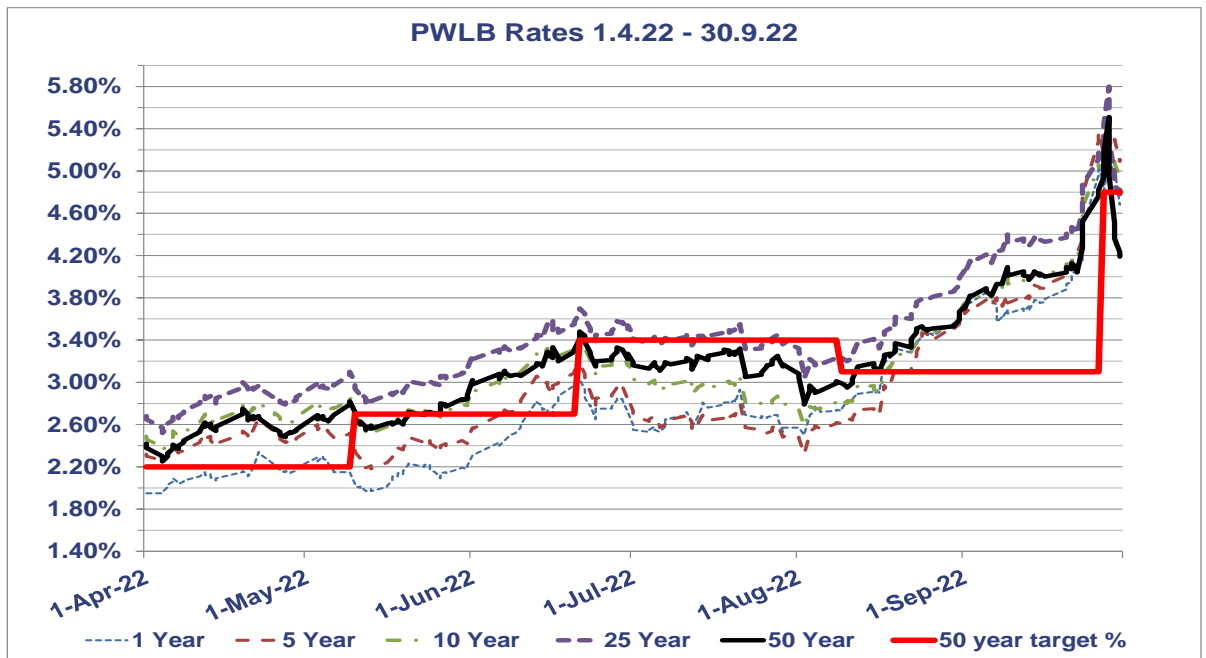
ECONOMIC UPDATE

1. Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.
2. Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, Eurozone and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	3.0%	1.5%	3.75% to 4.00%
GDP	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
Inflation	11.1%y/y (Oct)	10.0%y/y (Nov)	7.7%y/y (Oct)
Unemployment Rate	3.6% (Sep)	6.6% (Sep)	3.7% (Aug)

3. Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.
4. The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of circa 500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by circa £500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at 5.5% to 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply side shocks to food and energy that have endured since Russia's invasion of Ukraine on 24 February 2022.

5. Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3.00% in November and the market expects Bank Rate to hit 4.50% by May 2023.
6. Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. The markets rejected the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17 November 2022 gave rise to a net £55bn fiscal tightening, although much of the “heavy lifting” has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have completely reversed the increases seen under the previous tenants of No10/11 Downing Street.
7. Globally, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one if not more quarters of GDP contraction. In November 2022, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with the Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.
8. Sterling has strengthened of late, recovering from a record low of \$1.035, on the Monday following the Truss government’s “fiscal event”, to \$1.20. Notwithstanding Sterling’s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.
9. In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



10. However, the peak in rates on 28 September, as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting ever lower. PWLB rates at the front end of the curve are generally over 1.00% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

11. After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

CENTRAL BANK CONCERNS – NOVEMBER 2022

12. At the start of November, the US Fed decided to push up US rates by 0.75% to a range of 3.75% to 4%, while the MPC followed a day later by raising the Bank Rate from 2.25% to 3.00%, in line with market expectations. Eurozone rates have also increased to 1.5% with further tightening in the pipeline.
13. Having said that, outlooks in the US and the UK are very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. UK Bank of England Governor Bailey said the opposite and stated that the two economies are positioned very differently so markets should not, therefore, expect the same policy or messaging.

14. Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% to 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.
15. In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. The £160bn excess savings accumulated by households through the Covid lockdowns could provide a spending buffer for the economy. Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect. Conversely, greater tightening may do also.

Source: Link Asset Services

ANNUAL INVESTMENT STRATEGY

1. The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves. During the first half of the current year, the Council's average investment balance has been around £341m. 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. Bank Rate is forecasted to gradually increase from 3.50% to 4.50% in June 2023 before slowing starting to decline in March 2024, reaching 2.50% in September 2025.
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	
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Long term later years	2.80%

Source: Link Asset Services

Investment time limits

6. 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 2023/24, the proposed limit of investments for over 364 days is £120m as set out in the TMSS.

Investment Policy

7. 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.

8. 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

9. 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.
10. 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.
11. The Council takes into account the following relevant matters when proposing counterparties:
 - the financial position and jurisdiction of the institution;
 - the market pricing of credit default swaps¹ for the institution;
 - any implicit or explicit Government support for the institution;
 - Standard & Poor, Moody’s and Fitch short- and long-term credit ratings;
 - Sovereign ratings to select counterparties from only the most creditworthy countries; and
 - Core Tier 1 capital ratios².

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.

12. 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 sell existing investments which would be liable to penalty clause.

Specified and Non-specified investments

13. 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.
14. 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;

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.
15. All investments with local authorities will be subject to due diligence review of their accounts and financial health by the Director of Treasury and Pensions and agreed with the Director of Finance.
16. 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.
17. 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

18. 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

19. 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.
20. 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 tenure	Changes from the 2022/23 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-	£50m	5 years	Reduced from £100m
Covered Bonds	LT: AA+/Aa1/AA+	£50m	5 years	Reduced from £100m
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: £50M	3 years	Reduced from £100m
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 tenure	Changes from the 2022/23 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. £50m in aggregate	10 years	No change
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):	Australia, Belgium, Canada, Denmark, Finland, France, Germany, Netherlands, Norway, 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.

Due diligence: Due diligence will be carried out by officers where appropriate or in conjunction with the Council's treasury advisor. The Tri-Borough Director of Treasury and Pensions will authorise the investment on behalf of the authority.

CREDIT RATINGS

Moody's		S&P		Fitch		Description		
LT	ST	LT	ST	LT	ST			
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	Investment Grade	
Aa1		AA+		AA+				
Aa2		AA		AA				
Aa3		AA-		AA-				
A1		A+	A+	F1				
A2	A	A						
A3	A-	A-	F2					
Baa1	P-2	BBB+		BBB+	Lower medium grade			
Baa2		BBB	BBB					
Baa3		P-3	BBB-	BBB-	F3			
Ba1	Not Prime		BB+	B	BB+	B	Speculative	Non Investment Grade
Ba2			BB		BB			
Ba3		BB-	BB-					
B1		B+	B+					
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				

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 and 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	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	The risk of investment market uncertainty around inflation and the economic outlook, leading to unexpected volatility in gilt yields and interest rates.	2	3	5	3	15	Recent forecasts from the Council's Treasury consultant predict that the Bank Rate will increase to 4.50% in June 2023 and steadily decline from March 2024. In regards to borrowing, rates will start to decline earlier from March 2023.
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	Around half of the councils funds are kept fully liquid in Money Market Funds, which offer same day accessibility for both deposits and withdrawals. The remainder of the funds are placed as fixed-term deposits for upto 1 year.
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 NatWest 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	NatWest 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	A clear description of the specific actions to be taken to control the risk or opportunity
Treat	
Take	
Transfer	The name of the service that the risk is being transferred to and the reasons for the transfer.
Tolerate	A clear description of the specific reasons for tolerating the risk.

Report to: Cabinet

Date: 06/02/2023

Subject: Sourcing Strategy

Report of: Councillor Rowan Ree, Cabinet Member for Finance and Reform

Report author: Joanna McCormick, Assistant Director Procurement and Commercial

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

This report sets out an overarching sourcing strategy for the council, in line with our constitutional requirements. Bringing it forward for decision meets an audit recommendation. The strategy will improve how we source goods, works and services so that we secure the best outcomes for residents; secure exceptional value for money and operate as an efficient, modern, and compliant organisation.

This strategy sits alongside the Council's operational governance arrangements including: the Constitution, Contract Standing Orders, the Financial Regulations, Code of Conduct Policies (for Officers & Members), the Anti-Bribery Policy, the Corporate Anti-Fraud and Corruption Strategy and the Gifts and Hospitality Policy.

RECOMMENDATIONS

1. To agree the sourcing strategy, attached at Appendix 1, for the council, to be implemented across all directorates and services.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The strategy sets out the overarching approach to buying including work to improve the outcomes and value for money secured through investment with businesses both local and further afield. The council investment will support improvements to the local economy and capture social or added value compliantly when buying
Creating a compassionate council	A large proportion of the investment

	made enables change to the borough for the residents we serve. The people category of contracts picks up services which support people directly.
Doing things with local residents, not to them	The commissioning activity which precedes procurement will require coproduction to ensure we work with residents to source the right things for them in line with our statutory requirements
Being ruthlessly financially efficient	The measures set out pick up ways in which the council will be even more efficient. The proposed use of category management and forward plans will assist in continuously improving value for money.
Taking pride in H&F	A large proportion of the investment made enables change to the borough as a place including works to buildings and grounds and highways
Rising to the challenge of the climate and ecological emergency	The sourcing strategy draws into the main procurement procedures a focus on environmental matters starting with the carbon reduction charter.

Financial Impact

There are no directly attributable financial implications as a result of this sourcing strategy.

A sourcing strategy will improve the council's opportunity to seek efficiencies in the procurement process and ensure its ability to deliver a balanced budget in the medium term.

Alex Pygram, Head of Finance – Corporate Services, 28th November 2022

Verified by Andre Mark, Head of Finance (Strategic Planning and Investment), 28th November 2022

Legal Implications

This report recommends approving a Sourcing Strategy for procurements. This will enable the Council to facilitate compliance with the Public Contracts Regulations 2015.

If adopted, the Council's approach to social value will change. Whereas currently Invitations to Tender state that 'Contractors are expected to...generate a minimum of 10% of the individual contract values in the social value delivered.', this wording will be removed from all ITTs as the requirement will no longer be mandatory or a non-compliance ground for excluding a tender.

Angela Hogan, Chief Solicitor (Contracts and Procurement), 28th November 2022

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The council is operating in a challenging context with multiple external factors affecting the sourcing of goods, works and services. Inflation is impacting markets and revised market rates are resulting in financial pressures. There is limited labour supply in key markets including care, food, and specialist areas of construction like surveying. There is also limited goods supply in some key markets including steel, food, water, energy, and medicines. Across markets there are a few instances of provider failure and an increased focus on risk mitigation by suppliers through company structure reorganisations and on occasion greater caution about tendering.
2. The sourcing strategy will improve how we source goods, works and services so that we secure the best outcomes for residents; secure exceptional value for money and operate as an efficient, modern, and compliant organisation. It sets out the planning of contracts and good contract management. Changes to procurement law are expected which will require more forward planning and transparency about contracts. These changes are expected to enhance the council's medium term financial strategy.

Resident outcomes

3. To secure the best outcomes for residents, the sourcing strategy has three aims:
 - To buy to support people in H&F including addressing the cost-of-living crisis, crime, education, health, and wellbeing
 - To buy to improve H&F as a place including investment in an economic hotspot, public realm, climate and ecology, housing
 - To buy to support the running of the Council including ensuring the council is a ruthlessly efficient modern organisation and we have a kinder, happier H&F
4. How the council sources goods, works and services will be improved through guidance on how we specify what we buy with clear outcome measures and alignment to council core values. The use of category management to segment spend will also enable better buying. Better communication with the market about what we intend to buy in the future will support more innovative, cost-effective solutions. We will also enhance our work with markets to anticipate risk and try to smooth market volatility strategically through contract management. We will be clear who are our strategic partners and how we manage both supply chains and local supply. We will continue to ensure our research and development both keeps pace and exceeds that in the sector.

Best value

5. The strategy has three best value aims:

- Ensure best value for what we buy
 - Adopt a commercial approach to investment and develop a commercial revenue strategy
 - Secure added value when we buy, ensuring ethical, sustainable, and inclusive investment
6. The strategy will ensure clear buying decisions and provide training to enhance knowledge about procurement regulations, particularly as they change nationally. Improved standard procurement documentation and a model contract will be developed. A separate strategy for commercial activities will be developed. The council's policy commitments inform contract specifications and additional social value is secured through procurement – this can include jobs, apprenticeships, training, and use of local supply chain. This strategy will enhance the council's social value policy by incorporating the full range of other policies also agreed by cabinet into the procurement process to create a suite of 'added value' when the council buys.
 7. These added value requirements will include commitments relating to modern slavery, carbon reduction, sustainability, digital technology, information governance, and equalities as applicable to each tender. A compliant operational assessment process will be applied for all tenders. The matrix of measures against which suppliers can tender and the council can contract manage, will be refreshed. Market by market application of measures will be applied to ensure the most suitable requirements are applied to each contract with the removal of the mandatory pass/fail on the 10% of the contract price requirement. The mandatory pass/fail requirement for 10% of our quality evaluation for contracts over £100k will remain, moving to 20% of our quality evaluation from April 2023.

Efficient, modern, compliant organisation

8. To be an efficient, modern, and compliant organisation, the council has four aims:
 - Plan for what we buy with residents, understanding the markets, local business, and voluntary sector context
 - Implement the new regulations and change the way we buy things
 - Ensure responsible transparent spending
 - Manage risks around working in a high inflation economy
9. To get the best deals for residents, the council will publish a procurement forward plan with the budget each year. This will give notice of intended types and markets for investment. The council will also begin to build strategic market engagement over and above day to day contract management. This will secure the best innovation possible in the goods, works and services the council buys. This will include work with voluntary sector and small business sectors.
10. To ensure transparency around spending, the council publishes contracts and spending related to them. Work is underway to refresh the contract register to support this reporting. An enhanced conflict of interest process is also being put in place to ensure continued probity in relation to public spending.

11. To manage in an inflation context, clear priorities for spending will inform commissioning and procurement. Amended technical guidance for financial assessment of small businesses that tender will be issued to support local businesses better. Category management will support any efficiencies which can be secured through joint buying across departments. Clear risk assessment and focus on the overall budget and MTFS will underpin the forward plan for procuring.

Achieving Success

12. The strategy will improve how we source goods, works and services so that we secure the best outcomes for residents; secure exceptional value for money and operate as an efficient, modern, and compliant organisation. Success will be evidenced through:
 - outline specifications for goods, works or services are coproduced with residents
 - providers want to do business with H&F
 - transparency in what we spend
 - H&F are easy to do business with
 - strategic partners and contractors know who their main council contact is
 - H&F contract manage on a risk basis – robustly ensuring the best deals
 - H&F secure the anticipated high-quality goods, works or service
 - H&F secure value for money through contract management of performance
 - H&F secure appropriate added value through our sourcing processes

Reasons for Decision

13. The council currently does not have a sourcing strategy. The strategy is a required document for audit and will support officers to operate within a sourcing framework, underpinning how the council buys goods, works and services effectively. The strategy sets out plans for buying to both deliver on council priorities and meet best value requirements as required in law.

Equality Implications

14. The strategy seeks to ensure operational processes and documentation incorporate relevant equalities requirements when the council procures. The strategy will result in updated procurement documentation and contract terms to comply with equality requirements. This will build on the delivery of equality priorities in the council's equality plan, which will feature in commissioning plans and specifications for goods, works of services we procure. Equality Impact Assessments will continue to accompany key decisions to provide a mechanism for verifying consideration of the main issues concerned. The strategy will have a positive impact on people with protected characteristics benefitting from this enhanced delivery of priorities through procurement.

Risk Management Implications

15. The report proposes an overarching sourcing strategy to improve how the Council sources goods, works and services to secure the best outcomes for residents and value for money by operating as an efficient, modern, and compliant organisation. The report sets out how risks relating to economic factors affecting contracts, supply chain volatility and awarded contracts will be managed.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 06/12/2022

Climate and Ecological Emergency Implications

16. The strategy seeks to mainstream the requirements for carbon reduction and wider sustainability asks through the added value proposals. This will be achieved through updated procurement processes, updated procurement documentation and contract terms. These will support delivery of agreed policy and enhance mechanisms for securing best value from related contracts.

Hinesh Mehta, Head of Climate Change, 28/11/2022

Local Economy and Social Value

17. The strategy focuses on an enhanced approach to social value, building on our learning and experiences in this arena to date, further enriching our added value commitment through our sourcing and procurement. Securing added value against all our contracts over £100k remains a commitment in our sourcing strategy in line with council priority and policy. The recommended change to one aspect of operational delivery of the policy is covered in the legal comments.

Andrew Munk, Assistant Director Economic Development, 22/12/22

Consultation

18. The strategy focuses on legal requirements when sourcing. It states how matters of policy agreed upon through coproduction and following consultation with residents are translated into delivery when buying goods, works and services. It anticipates procurement being progressed on the basis of coproduction of headline specifications with residents as appropriate.

Appendix

Appendix 1: Sourcing Strategy

Sourcing Strategy

DELIVERING COUNCIL PRIORITIES 2022/3-2026/7

Aims & Objectives

H&F will improve how we source goods, works and services so that we:

1. **Secure the best outcomes for residents**
2. **Secure exceptional value for money**
3. **Operate as an efficient, modern, and compliant organisation**

Introduction

The Council spends approximately £900 million a year across revenue, capital, housing revenue account and pensions. When we invest approximately 70% of our funds in goods, works, services and property related contracts, we are also seeking in part to influence the 6th most competitive economy in the UK.¹ At the time of writing there are more than 4000 suppliers working for the authority.

As we deliver on our new business priorities, we will take a **strategic approach** to managing our risks and maximising our opportunities. We will need to focus, make **commercial choices**, and **prioritise** as we work within the available resources.

We will seek to continue to mobilise our anchor institutions and strategic innovation partners to both bolster the economy and improve our sourcing drawing on their expertise to:

- ✓ Make H&F the destination for businesses through our Industrial Strategy and Local Plan
- ✓ Develop our infrastructure, assets, and digital networks
- ✓ Buy goods, works and services that benefit residents and the borough
- ✓ Work with residents to develop policies or specifications
- ✓ Embed sustainable ethical buying practices

Figure 1: 10 largest business sectors in H&F:

1. Professional, scientific, and technical activities
2. Administrative and support service activities
3. Wholesale and retail trade; repair of motor vehicles and motorcycles
4. Information and communication
5. Accommodation and food service activities
6. Construction
7. Human health and social work activities
8. Real estate activities
9. other service activities
10. Arts, entertainment, and recreation

This document sits alongside the Council's operational governance arrangements including: the Constitution, Contract Standing Orders, the Financial Regulations, Code of Conduct Policies (for Officers & Members), the Anti-Bribery Policy, the Corporate Anti-Fraud and Corruption Strategy and the Gifts and Hospitality Policy

¹ (<http://cforic.org/wp-content/uploads/2021/11/UKCI-2021.pdf>)

1. Secure the best outcomes for residents

- a) Buy to support people in H&F
- b) Buy to improve H&F as a place
- c) Buy to support the running of the Council

a) Buy to support people in H&F

We invest in a range of services to support people including care, accommodation, homecare and independent living support, community support, leisure, specialist mental health and learning disability services, public health, and early help. This investment is in line with our values of creating a compassionate council and working with residents rather than doing things to them and rise to the challenge of the climate and ecological emergency.

Figure 2a: The council's largest 'people' related spending categories:

<ul style="list-style-type: none">▪ All age accommodation-based care▪ Homecare and independent living▪ Early help▪ Community support▪ Disability support▪ Sexual health▪ Homelessness and rough sleeping▪ Children's assessments▪ All age day opportunities and respite

The sourcing priorities over the next four years include:

- Services that address the **cost of living (crisis)** – these could include food programmes, green programmes in schools, early help, and co-location hubs
- Services which **address crime** – these could include CCTV (Closed circuit television), early intervention for young people & families, Violence Against Women and Girls, mentoring programmes and tackling modern slavery
- Services in **education** – these could include school assets, Speech & Language Therapy, family hubs, fostering service, social supermarket & holiday food, care leavers, green projects in schools
- Services that **improve Health and Wellbeing** – these could include support at home, public health services, direct payments, jobs programmes which support inclusivity and accessibility, mental health gardens, wellbeing hubs, research in racism in healthcare, dementia services

b) Buy to improve H&F as a place

We invest in several areas including Development, repairs and maintenance, fixtures and fittings, demolition/asbestos, waste, highways, street lighting, transport, parking, water management, arboriculture services. This investment is in line with our council values to build shared prosperity, take pride in H&F, do things with residents rather than to them, and rise to the challenge of the climate and ecological emergency.

Figure 2b Highest place spending categories:

<ul style="list-style-type: none">▪ New development, enhancement, refurbishment▪ Repairs and maintenance▪ Waste▪ Professional fees▪ Highways
--

- Security
- Utilities

The sourcing priorities over the next four years include:

- Sourcing Works and Services for H&F as an **economic hotspot** – apprenticeships, skills training programme, air quality, cultural programmes, A4 fly under, housing development, civic campus
- Sourcing Works & Services in the **Public Realm** – clean streets, waste collection, recycling, parks & recreation, community gardens, parking
- Sourcing works & services in line with our **climate and ecological strategy** – air quality, green civic campus, energy efficient new affordable homes, electrical charging points, cycle schemes, trees, Sustainable Draining Systems, biodiversity, climate education, forest school, retro fitting, library of things (shared resources)
- Sourcing works & services in **housing** – housing repairs, estates, CCTV, energy audits, major green improvements/works on council homes, cycle storage, green roofs, increased recycling programme

c) Buy to support the running of the council

We invest in several areas including human resources, digital services and telephony, facilities management, travel, hire of accommodation and facilities, finance, insurance, audit, licences and memberships, activities and events, catering, legal costs, debt management, customer services. This investment enables delivery of front-line services for residents in line with our council values.

Figure 2c Highest council wide spending categories:

- Human resources
- Digital services and telephony
- Facilities management
- Consultancy
- Travel/Transport (including SEND (Special Educational Needs and Disabilities))
- Furniture and equipment
- Hire of accommodation and facilities
- Insurance
- Activities and events

The sourcing priorities over the next four years include:

- **Ruthlessly Efficient Modern Organisation** - council tax support scheme, work with debt advice services, staff training, business intelligence, leadership programmes, agency worker spend, digital services,
- **Kinder happier H&F** – community events, diversity events, partnerships with the voluntary sector, rough sleeping, digital exclusion.

The technical changes that will enable this are:

- The application of category management which enables the Council to segment their spend into areas that contain similar or related products and focus on opportunities for consolidation and efficiency
- Providing a clear indication to the market for what we intend to buy in the future
- Guidance for specifying needs in the specific goods, services, and works we buy
- Inclusion of core requirements in contract terms and the wider procurement process as applicable e.g., data security and accessibility, equality, health, and safety etc.
- Alignment with commissioning and/or commercial development strategy

2. Secure exceptional value for money

- a) Ensure best value for what we buy
- b) Adopt a commercial approach to investment and develop a commercial revenue strategy
- c) Secure added value when we buy, ensuring ethical, sustainable, and inclusive investment

a) Ensure best value for what we buy

The council must secure continuous improvement having regard to economy, efficiency, and effectiveness. Under the **duty of best value** councils must consider overall value, including economic, environmental, and social value, when reviewing service provision including any updated approaches to this anticipated as procurement regulations change.² Councils also have a statutory duty to consider social value for services above specified procurement thresholds.³ Under our Constitution Executive Members roles include leading the community planning process and searching for best value. Under our Members Code of Conduct, elected members work to achieve the best value for our residents.

We will:

- Be compliant in seeking competition when we buy goods, works and services
- Make proper assessment of saving or efficiency options at procurement strategy and award
- Balance how we address inflation within our budget envelope across our contract portfolios
- Check policies including those for added value do not have unforeseen consequences for cost

b) Adopt a commercial approach to investment and develop a commercial revenue strategy

In addition to sourcing, the Council invests in a range of commercial activities which secure income and additional benefits for the borough. Currently these activities include digital advertising, commercial waste, planning, property, network management, garage rent, private sector housing, cemeteries, building control, events and lettings, sports bookings, registrars.

We will develop an expanded commercial revenue strategy to sit alongside the sourcing strategy. Within our expanded commercial revenue strategy there we are also able to explore our approach to sponsorship, corporate social responsibility, and use of assets. We will draw on learning from our commercial activities. We will also ensure an understanding of any recommendations raised in external auditor public interest reports about commercial activities which have not been successful in other boroughs when considering our own approach.

In business-as-usual sourcing, we will also apply commercial skill and expertise. Our approach to managing markets and engaging with providers is critical to secure good deals for our residents. We will assess where strategic partnerships and a segmentation of markets will assist in securing better outcomes when we buy goods, works or services. We will translate the commercially agreed benefits from tendering processes into effective contracts.

We will apply a fresh, commercially astute approach through:

- commercial challenge to our sourcing decisions as part of our business as usual
- the use of business intelligence to inform more efficient service models

² Section 3 Local Government Act 1999 and associated guidance

³ Social Value Act

- growing and building our workforce to ensure stronger commercial decision making.

c) **Secure added value for residents**

In addition to the goods, works or services we pay for in our contracts, the council seeks added value for residents and the borough. To date this has been through our social value policy, we will enhance this policy to further deliver the Council's priorities.

We will:

- Change "Social Value" to "Added Value," comprising three elements, which will be assessed by category:
 - Inclusive Economy – including employment, training, London Living Wage, small and medium enterprises
 - Happier Kinder H&F – including health & wellbeing, co-production, modern slavery, equalities
 - Climate and Ecological Emergency – including net carbon neutral, sustainability, and environment
- Refresh the social value matrix and rename it the added value matrix
- Include within the matrix a wider range themes such as **climate change, sustainability, modern slavery, and co-production**
- Make a range of technical changes to enable swift but compliant delivery of social value outcomes.

The technical changes that will enable this are:

- Delivery of changes to procurement to strengthen compliance set out in section 3
- A separate strategy and training programme to support commercial activity
- Amend both the Invitation to Tender and Pre-Qualification Questionnaire procedures to include any mandatory and discretionary requirements around added value
- Add a new schedule in the new model contract to include specific commitments in relation to added value
- Apply a market-by-market approach to the application of the added value in procurement
- Refresh the measures applied to enable a fair proxy for the added value we secure
- Make the evaluation and scoring of Tenders in relation to added deliverable benefits as per Appendix 1 – and ensure any procurement evaluation activities are held in house
- Ensure a robust process for managing any added value commitments relating to supporting voluntary organisations

The technical changes proposed build on the learnings from our Social Value Policy and build an adaptive, agile, and effective means to deliver, market by market.

3. Operate as an efficient, modern, and compliant organisation

- Plan for what we buy with residents, understanding the markets, local business, and voluntary sector context**
- Implement the new regulations and change the way we buy things**
- Ensure responsible transparent spending**
- Manage risks around working in a high inflation economy**

a) Plan for what we buy with residents, understanding the markets, local business, public and voluntary sector context

We are working to address the pressures and challenges in individual markets and market supply arising from inflation in the global economy.

For H&F to be the best to do business with, we will:

- Deliver on council priorities by establishing a **Forward Plan of buying**.
- Publish our buying intentions so markets know and prepare ahead of time.
- Draw on policy coproduced with residents to inform procurement strategy
- Analyse specific areas of spend to **secure good value contracts**.
- Better understand local business sectors and reserve some contracts to them.
- Expand the programmes to **support small businesses to tender** and join supply chains.

b) Implement new regulations and change the way we buy things

New regulations are anticipated to be implemented in 2023, this will mean **greater transparency** through the publication of contracts, it will also mean new technical buying processes which allow **greater flexibility** when buying. Where a supplier does not deliver contractual outcomes, we anticipate having the ability to report them on a central register.

We will:

- Review all our documents and processes to reflect the new regulations
- Deliver officer training and provide member advice
- Review our E-procurement platform to support our processes

c) Ensure responsible transparent spending

There is a legal duty to publish how public funds are spent in our borough, with details of contracts and suppliers included. The council tracks the outcomes and performance against contracts.

We will:

- Ensure a complete and accurate contracts register is in place
- Enhance our conflicts of interest processes
- Track our spending on contracts to inform our commissioning requirements.
- Review and enhance the contract management standards to ensure consistency and provide associated training

d) Manage risks around working in a high inflation economy

The council is tracking the impact of high inflation through our risk management and our annual process to address any required contractual price changes and uplifts.

Hammersmith and Fulham is a London Living Wage (LLW) Authority, as contracts end, replacements will need to incorporate the LLW if they do not already. This will create a further financial pressure as we seek to balance the budget.

When buying, we need to operate in a timely manner to limit our exposure to escalating prices and be alert to shortages in key supplies. This is where planning is vitally important as part of our business continuity.

The technical changes that will enable this are:

- Enhancing our strategic engagement with markets
- Ensuring consistency in our approach to contractual price changes and uplifts
- Have clear business continuity plans for any provider failure
- Amend technical guidance for financial assessment of small businesses that tender

4. Implementing the Sourcing Strategy

- a) Assurance
- b) Success
- c) Management information

a) Assurance

As part of our business-as-usual governance, Cabinet set out what the priorities are. Our internal officer governance brings forward options and recommendations for decision. Where the council seeks to buy goods works or services, a compliant procurement process follows, or a commercial arrangement is set up.

The Sourcing Strategy will result in:

- Early sight for elected members of upcoming opportunities with an annual list of very high-level contracts included with the budget report annually
- Basis from which departments can develop proposals and business cases for services, works or goods with residents and elected members; that inform the resultant procurement strategies
- Governance and procurement processes which are compliant with procurement regulations.
- A commercial approach to business decisions
- An improved contract register, forward plan, and payment transparency to ensure the public know how we spend public money.
- Named responsible senior officers, compliance with managing contracts, training, measurement of performance and appropriate community involvement in shaping future contract specifications.
- Contracts which are managed well, with regular intervention where performance is below that expected

b) What does success look like?

- ✓ Goods works or service specifications are coproduced with residents
- ✓ Providers want to do business with H&F
- ✓ Transparency in what we spend
- ✓ H&F are easy to do business with
- ✓ Strategic partners and contractors know who their main council contact is
- ✓ H&F contract manage on a risk basis – robustly ensuring the best deals for residents
- ✓ H&F secure the anticipated high-quality goods, works or services invested in
- ✓ H&F secure value for money through contract management of performance
- ✓ H&F secure appropriate added value through our sourcing processes

c) What management information will we track?

- ✓ Assurance on compliance
- ✓ Level of third party spend
- ✓ Contract management and supplier relationship skills
- ✓ Appropriate commercial model sought for market
- ✓ Level and assessment of added value
- ✓ Market management and development plans
- ✓ Capital programmes and Section 106

- ✓ Medium-term financial strategy and budget planning
- ✓ Contractual uplifts

5. **Appendix**

Appendix	1	–	Updated	Added	Value	Matrix	Overview
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Updated Added Value Matrix Overview

H&F Vision/Manifesto	Theme/objective	Deliverables	Measures (draft)
Inclusive smart economy	Building shared prosperity, Innovation	Social Value Ethical investment Employment Skills training SMEs (Small, Medium or Micro Enterprise) & VCSEs (Voluntary Community or Social Enterprises)* London Living Wage* Volunteering & Donations benefitting residents	Set of measures developed for Section 106 agreements as per our development contracts to date Set in matrix as now for wider inclusive smart economy contracts Any additional from the national set if helpful Charters Construction charter sign up within process
Kinder happier H&F	Pride in H&F Doing things with residents not to them Compassionate Council	Equality and diversity* Tackling modern slavery* Ethical care charter* Race at work charter* Homelessness Public Health Training in EDI (Equality, Diversity, and Inclusion) Crime initiatives Children's charter Social innovation to support wider projects	Set of measures in the matrix now Any additional from the national set if helpful – including tackling modern slavery Training in EDI, Inclusive recruitment, and menopause pledge Charters Ethical care charter* Race at work charter* Children's charter (when ready) Hate crime – hate crime pledge Women safety at night charter
Climate & ecological emergency	Climate Change	Environmental value Carbon net neutral* Sustainable*	WLA (West London Alliance) options on measures as applicable Existing matrix measures Any additional from the national set if helpful Charters Low Carbon Charter

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 06/02/2023

Subject: Civic Campus Enhanced Investment

Report of: Councillor Andrew Jones, Cabinet Member for The Economy and
Councillor Rowan Ree, Cabinet Member for Finance and Reform

Report author: Joanne Woodward, Director of Planning and Property and Philippa
Cartwright, Civic Campus Programme Director

Responsible Director: Jon Pickstone, Strategic Director, The Economy Department

Summary

1. The Civic Campus scheme will transform the Grade II listed town hall to be one of the most environmentally positive and accessible community buildings of its type in Britain. Work on site is well advanced and together with its new commercial and cultural enterprises, the campus will be at the heart of a rejuvenated West King Street, supporting a vibrant and inclusive Hammersmith town centre.
2. This report seeks approval for enhanced investment to complete the transformation of the town hall and campus and deliver:
 - a new, modern, accessible, and inclusive campus for the community
 - further enhancements to the development's environmental performance, responding to both the climate and energy crisis by reducing energy use and associated emissions
 - completion of the complex Town Hall heritage scheme
 - a portfolio of new enterprises rejuvenating West King Street and providing commercial income to the Council, but also an ambitious art, cultural and entertainment programme shaping West King Street as a go to destination and great place to visit, work and live.
3. Further investment would always be required at this stage. Prior to entering build contracts in December 2020, Cabinet approved an initial delegated budget based on a standard fit out in July 2020 to enable the Council to quickly secure an 80% fixed build contract to avoid subsequent inflation – a decision that has proved vital considering subsequent events; Brexit, pandemic, war, associated economic turmoil and price inflation across many sectors, few have been more impacted than construction.
4. Enhanced budget is now required not just to account for price inflation on the non-fixed 20% build contract element, but mainly to: deliver a high-quality heritage and environmentally positive fit out (non-standard) for which the design details and costs are now understood; operationalisation (move to and set up of

the scheme); and commercial investment to establish new town hall commercial enterprises following the development of a commercial strategy.

5. Enhanced investment sought is informed by detailed estimates. A contingency must be included to account for the potential for further cost variations particularly around design changes and set up of the new Town Hall business operations.

Recommendations:

1. Cabinet notes that Appendices 1, 3 and 4 are not for publication on the basis that they are legally privileged as set out in paragraph 5 of Schedule 12A of the Local Government Act 1972.
2. Cabinet approves estimated additional capital funding of £21.4m (£19.2m plus £2.2m contingency) necessary to complete the construction and fit out of the new Town Hall building, associated fees and other works (including necessary changes to the specification of works).
3. Cabinet notes estimated additional one-off revenue costs of £1.6m (£1.4m plus £0.2m contingency) necessary for project costs related to returning to the Town Hall and additional dilapidations provision.
4. Cabinet approves the entering into by the Council of a deed of variation of the Construction Contract dated 1st December 2020 necessary to implement the proposed addition investment and changes to the specification of works the details of which are included at Appendix 1
5. Cabinet approves the procurement strategy for design and assurance services to enable the award of a contract for 11 months for an estimated value of £ 860,000 commencing March 2023.
6. Cabinet approves the award of a contract to Entec Si for Audio Visual services via G-Cloud 13 for a value of £328,060 with a contract term of 1 year commencing from 1st February 2023.
7. Cabinet approves the increase of the long-term leasehold interest to the LLP from a term of 255 years to a term of 999 years, in line with GLA guidance outlined in Appendix 1, but otherwise on the same terms as previously agreed.
8. Cabinet approves the variation to the Conditional Agreement for Lease (CAL) to include a mechanism for payment by the LLP of any additional consideration that may be due in respect of the leases to be granted to the LLP following the grant of those leases in advance of practical completion of the glass pod works should the construction costs for the glass pod works be less than the acceptable land value, in line with the advice to be provided relating to potential tax implications.
9. Cabinet approves a delegation to the Director of Finance, in consultation with the Cabinet Member for Finance and Reform, authority to temporarily increase the

Capital Finance Requirement (CFR), for technical accounting purposes, to fund any capital debtor which may arise in the event of timing differences between the drawdown of each lease and the recognition of consideration by the Council, (up to a maximum of £11.9m reflecting the total value of leases proposed to be granted ahead of practical completion of the Pod works).

10. Cabinet approves a delegation to the Strategic Director of the Economy in consultation with the Assistant Director, Legal Services authority to take all necessary steps to facilitate the decisions in 1-7.

Wards Affected: All

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
Building shared prosperity	The Civic Campus programme will create new community spaces for residents and the public within the West King Street area. This enables additional job opportunities through the s106 agreement; additional office space; and more genuinely affordable homes.
Doing things with residents, not to them	Delivery of the wider Civic Campus programme will create a new public space to be enjoyed by all members of the local and wider community who have been engaged and consulted throughout the process.
Being ruthlessly financially efficient	A full technical review and competitive procurement process has been completed and a commercial strategy developed to drive new income.
Taking pride in H&F	The refurbishment of the Town Hall will enable the delivery of the wider Civic Campus programme, creating a new and much improved space for residents and the public within the West King Street area.

Financial Impact

6. In January 2019, Full Council approved a pre-tender capital budget of £46.5m for the refurbishment of the Grade II listed Town Hall and a revenue budget of £35.9m for decant accommodation and associated costs. The table below sets out the original budget approvals, variations that already been approved and the latest forecast expenditure of the project.

	Original Budget Approved (£m)	Revisions Already Approved (£m)	Actual Spend as at March 2022 (£m)	Forecast Project Spend (£m)	Variance (£m)
Capital	46.5	14.1	26.3	82	21.4
Revenue	35.9		23.8	35.9	0
TOTAL	82.4	14.1	50.1	117.9	21.4
<i>Funded by:</i>					
CIL/S106	(33.7)	(0.8)	(26.3)	(55.9)	(21.4)
General Fund borrowing	(12.8)	(13.3)	0	(26.1)	0
Earmarked reserves	(35.9)	0	(23.8)	(35.9)	0

7. The proposed estimated additional cost of £23m is summarised in the table below (shown over 2 years and subject to final costings and negotiations).

Type of Costs	2022/23 (£m)	2023/24 (£m)	TOTAL (£m)
Capital			
Assuring the completion of a heritage build	8.75	1.45	10.20
Operationalisation of Town Hall and wider campus	1.60	3.20	4.80
Commercial enterprise	2.05	0.65	2.70
Environmental Enhancements	0.25	1.25	1.50
Capital Contingency	0	2.20	2.20
Total (Capital)	12.65	8.75	21.40
Revenue	0	1.40	1.40
Revenue Contingency	0	0.20	0.20
Grand Total	12.65	10.35	23.00

It is expected that the capital costs of £21.4m (including contingency) will be funded from existing and projected future Community Infrastructure Levy resources or offsetting capital receipts arising from estate rationalisation that are realised (this strategy and funding mix will be kept under review and reported as part of future capital budget monitoring reports)

8. For exemplification, the annual revenue implications if the capital costs are met from borrowing is estimated £1.3m (including combined MRP and interest at 6%).
9. Almost 50% of the capital investment outlined relates to the design, build, fit out and associated project management costs. These costs have been affected by rising inflation since approval was last sought for investment in January 2019. Construction costs have also been subject to inflationary pressure for both

materials and labour costs. It is also to be noted that only part of the additional works included above have been fully costed and there remains an element of works which are variable and subject to financial risk of market forces.

10. The one-off revenue cost comprises the costs of moving back into Civic Campus including project costs (where these costs cannot be capitalised) and a provision for dilapidations to the decant accommodation. These revenue costs of £1.6m are expected to be funded from the original approved revenue reserves of £35.9m (due to compensating forecast savings in other revenue spend). If the forecast underspend were to not materialise to mitigate the additional revenue costs outlined in this report, then these costs would need to be funded from compensating savings in the Council's revenue budget.
11. At this stage, the future operating costs of the Civic Campus are not fully established, and it is expected that these will be funded from within the existing base budgets that were established for the former Town Hall. Any additional costs that emerge will need to be considered by the Council as part of the MTFS for 2024/25 and future years.
12. The drawdown of some leases ahead of practical completion of the glass pod works may result in a technical impact on the Council's Capital Finance Requirement (CFR) and therefore delegation has been sought to adjust this as necessary.

The tax implications of these proposals continue to be closely evaluated and discussed with our external taxation advisers.

Name: Bhavesh Thakker

Position: Principal Accountant (Projects) – Strategic Planning and Investment and Andre Mark, Head of Finance, Strategic Planning and Investment, 15 November 2022

Telephone: 07776 672610

Email: bhavesh.thakker@lbhf.gov.uk

Verified by: Sukvinder Kalsi, Director of Finance, 25 January 2023.

Legal Implications

13. The Council has the power to adopt Recommendations No.1, No.2 and No.3 by virtue of section 1 of the Localism Act 2011 (the general power of competence).
14. The legal implications for recommendations for Nos 4, 5 and 6 are set in appendix 1 and recommendation 8 and 9 are set in Appendix 3.
15. Support for Recommendation 7 is available under Section 111 of the Local Government Act 1972 which enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any of its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.

Sarah Lees, Senior Associate, Gowlings WLG (UK) LLP
Telephone: +44 (0)20 7759 7001
Email: Sarah.Lees@gowlingwlq.com

Implications verified by: Grant Deg, AD Legal Services, Telephone: 07798 588766,
20 January 2023

Background Papers Used in Preparing This Report - None

DETAILED ANALYSIS

Executive Summary

Background. Business Case for the Civic Campus scheme.

The compelling case for the scheme

16. There is a strong and agreed business case for delivering the Civic Campus. It set out to deliver:

- the regeneration West King Street after the failure of previous schemes and in response to the high cost of remedial works to the old Town Hall (estimated £ 29.2 million - £ 53.5 million at 2017 prices)
- good quality, new homes, of which 52% would be affordable
- 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 multi-screen cinema, café/restaurant, retail and public event spaces
- economic growth in line with the Industrial Strategy, with new retail and commercial space, including affordable space for start-ups businesses
- a new and modern place for the public to meet with the Council and a flexible staff working environment
- a rejuvenated place for the community to enjoy.

Exceeding expectations of the founding case

17. The programme is delivering on and exceeding all aspects of the business case.

A rejuvenated campus, local economy, and community

18. The social and economic benefits envisaged for the scheme are being met and exceeded:

- the Town Hall building will operate as a multipurpose building. It will be an income-generating events venue, an arts and cultural hub, meeting space

for the public, council office accommodation and refurbished civic and community space.

- new office accommodation will enable post-Covid 'hybrid' working that will help reduce the Council's wider property portfolio to offset the additional capital expenditure of the Civic Campus
- the design of the building has been co-produced with the Disabled Residents Team, making it truly accessible for all
- 200 new homes are in construction, of which over 52% are genuinely affordable
- affordable workspace in development can serve target STEM industries
- the new cinema, shops, café and public plaza will create a culturally vibrant neighbourhood anchored by the radically transformed Town Hall building
- a community offer will encourage community value from the space, for example homework clubs for local children and young people.

Financial benefits

19. Whilst the primary financial case was avoiding high town hall remedial costs of up to £53.5m in 2017, wider financial benefits for the scheme are now in development:

- the business plan demonstrates how the joint venture (between the Council and A2Dominion) is scheduled to deliver the Council a profit of more than £10m in its first three years
- the Council is taking full ownership of grade A offices to let commercially
- The Council's financial model for its commercial lettings sets out the expectation that:
 - the Council will recoup all investment costs within 45 years after which a significant net financial income will be realised alongside significant increase to the council's asset book value
 - Commercial income from the offices and wider commercial leases is set to exceed £13.5m in the first five years alone
- Town Hall revenue income from town hall enterprises like events, catering, filming and the Registrar's Office is expected to achieve circa £2.5m in its first five years
- unexpected additional opportunities for short term commercial revenue have been identified, for example revenue to support restoration of the heritage building from advertising on signage in and around the site
- the transition to remote working during the pandemic has highlighted the potential to achieve efficiencies by consolidating the workforce to the new Civic Campus, thereby reducing the need for wider accommodation
- new offices offer a better-quality working environment for employees, creating improved business efficiencies
- wider monetary benefits of £0.56m are estimated through increased business rates and council tax also.

Environmental impact

20. The Council will deliver the most environmentally positive heritage scheme possible, not something initially envisaged for the complex heritage build:

- by acting on opportunities identified in April 2021 from its commissioned report (delivered by Sweco, formerly MLM) a reduction in operational carbon emissions of 134,068 kgCO₂/ per annum or 8,044,079 kgCO₂ across the whole life of the project (60 years) is being pursued
- the Council is also acting on considerations for the fit out and delivery of the Civic Campus developed by its Climate Change team. Workstreams included the server room, IT equipment, white goods, catering equipment, ingredients and foods, Smart building controls and transport
- the combination of new Smart technologies and ground source heat pump will reduce carbon emissions and energy use, delivering an environmentally positive heritage building with minimised running costs
- the BREEAM building environment assessment method has been applied to the new town hall design and suggests Cabinet's investment will deliver the Town Hall a "very good" status – a huge achievement for a Grade II Listed building.

Enhanced Investment now required

Further investment always necessary

21. Further investment would always be required at this stage in the programme. Prior to entering build contracts, Cabinet approved an initial delegated budget based on a standard fit out to enable the Council quickly to secure an 80% fixed build contract to avoid subsequent inflation. Enhanced budget would later be required to:

- deliver a high-quality heritage and environmentally positive fit-out (non-standard) for which the details required further design and specification
- operationalisation (move to and set up of the scheme);
- and commercial investment to establish new town hall commercial enterprises following the development of a commercial strategy.

22. None of these costs could be included in the original delegation as further work was required to draw up plans and costings for provisional sums associated with heritage elements, the move in and set up and the implementation/fit out of the business strategy in the Town Hall and wider Campus.

Uncontrollable project factors

23. Alongside expected but uncalculated investment, there have been uncontrollable project factors with cost implications.

24. Market factors with cost implications will be familiar to Cabinet which have exacerbated the implications of the non-fixed priced element (20%):

- Covid 19
- Brexit

- Inflation crisis
- Sector price rises from material shortages and supply delay
- War in Ukraine

25. Project specific issues have also arisen:

- specialist requirements have been needed for the fit-out of heritage areas
- additional opening-up works were required, and subsequent associated structural costs incurred
- initial site access was problematic and a subsequent need for costly utilities diversions
- changes to drawings from stakeholder feedback and requirements from the pandemic for agile working has had implications for design costs
- the Disabled Residents Team were crucial in developing the design to deliver radically inclusive spaces
- a site incident involving collapsed steels has delayed the build schedule and caused costs (some, but not all, of which are potentially recoverable).

Rationale for further investment sought

26. This section of the report now summarises the specific investment required to conclude the programme, summarised in the table below.

Table 1. Summary of investment required

<p>Commercialise enterprise</p> <p>£ 3.0m</p>	<ul style="list-style-type: none"> • Design, material and fit out costs to establish: <ul style="list-style-type: none"> ○ Enhanced stage engineering and lighting for income generating events ○ Level 06 bar, restaurant and terrace fit out ready for commercial operator, including marquee to enable events all year round / weather resilience ○ modern and agile civic and commercial spaces, enabling: civic and town hall commercialisation; estate efficiencies; income generating civic spaces and functions e.g. weddings and events ○ Operational team to establish direct and indirect revenue generating activities: <ul style="list-style-type: none"> • Venue management team • Marketing costs • Events booking system
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Environmental enhancements £ 1.5m	<ul style="list-style-type: none"> • Smart technology to enable high energy performance and cutting-edge workforce and visitor experience, reducing running costs. Direct benefit to commercialisation streamlining bookings and visitor operations. Operationally, Smart also provides a single user interface for FM to run the various elements of the Building Management System • Public realm redesign to increase the amount of soft landscaping and biodiversity. Incorporation of hostile vehicle mitigation elements within a revised furniture design.
Operationalisation of Town Hall and wider campus £ 5.9m	<ul style="list-style-type: none"> • Establishment of a high performing facilities management function able to operate a more complex campus scheme and provide commercial tenants with first class experience, ensuring ongoing commercial income • Provision of additional furniture for civic, public, event and workspaces • Enhanced digital resilience • Provision of transparency of the democratic process (chamber windows) • Improved accessibility works throughout the Town Hall as recommended by Disabled Residents Team and accessibility consultants • Move costs enabling timely occupation of the new town hall and wider estate efficiencies
Assuring the completion of a heritage build £ 10.2m	<ul style="list-style-type: none"> • Enhanced design, monitoring, build and contract assurance costs driven by inclusivity, heritage status and delays, including: <ul style="list-style-type: none"> ○ Historic costs (early programme consultant appointments) ○ Site incident (staff costs, insurance and legal fees) ○ Increase in provisional sums (majority due to heritage, kitchens, gas suppression & joinery) ○ Proposed commercial settlement ○ Other works (lighting and ceiling costs necessary later due to complications with the ceiling uncovered through the build) ○ Other costs (delay notices due to factors like utility diversions outside the Council's control)
Contingency £ 2.4m	<ul style="list-style-type: none"> • To provide for the potential for further cost variations particularly around design changes and set up of the new Town Hall business operations.

Detailed analysis of investment items

Commercial enterprise

27. There are three businesses that are central to the strategy: venue and wedding hire, performing arts and catering and hospitality. Investment will:
- fit out the town hall to a high standard to enabling thriving new enterprises
 - ensure the Assembly Hall realises its potential to become a destination setting for larger wedding receptions, conferences, events and professional performances
 - a specification for the stage and lighting sufficient to ensure the optimal market offer
 - a sixth floor and terrace delivering a destination restaurant, bar and all-weather event space. Income will be maximised with the addition of a marquee guaranteeing year-round use.
28. Rather than these three new businesses operating in isolation to the wider scheme, Cabinet's investment will pay for the appointment of a Civic Campus Director who will lead the whole operational and management team to shape West King Street as an arts and culture destination, as well as ensuring the necessary revenue is generated. It is critical for the long-term success of all elements of the campus that the wider placemaking agenda is successful.
29. Investment will see a greater proportion of soft landscaping and improved alternatives in the new public realm in front of the Civic Campus, a more attractive proposal than the originally proposed bollard-style hostile vehicle mitigation solution. This means a more attractive area for visitors, improved space for arts, culture, and event offerings, supporting commercial enterprise.
30. Investment will enable modern, hybrid offices, thereby enabling the Town Hall's fourth floor to be released to let commercially. Post pandemic remote working requires more collaborative, and technology enabled spaces to continue lower staff to desk ratios and associated estate efficiencies effectively. Sites like 145 King Street can then be repurposed, reducing wider estate costs. New furniture will also address accessibility issues identified by the Disabled Residents Team. In summary, investment will provide upgraded furniture and furnishings across the public, civic and commercial zones where reuse of existing is no longer an option. Previous poor-quality furniture would limit the commercial value of spaces.

Environmental Enhancements

31. Investment will deliver a Smart town hall building reducing environmental impact, streamlining operational costs, commercialising and modernising workforce and civic spaces, as follows:
- improving operational, energy and environmental efficiencies from greater control and management, streamlining operations

- enabling delivery of the commercial strategy with increased revenue from room and event bookings
- delivering a sustainable reduction in carbon emissions with energy savings estimated between 10-20% across multiple utilities
- enhance well-being and productivity of staff and visitors and a more seamless in-building experience
- future proof the building systems and how they work together, through flexible and adaptable technology
- provide control, automation, analysis and reporting to shape more proactive building use and operations; and
- support and extend the ruthlessly inclusive approach across the Town Hall, ensuring accessibility for all through the digital apps and interfaces.

32. Smart technology is necessary to achieve net zero carbon by 2030. An uplift to the original budget for an upgraded design for the public realm is not just driven by a desire to improve the environmental credentials of the space in front of the Town Hall, but also by planning requirements that this area is befitting of a project of this stature. Funding is also sought to enhance the heating, ventilation, and air conditioning (HVAC) system to improve air quality and to help prevent the spread of infectious disease.

Operationalisation

33. Originally the furniture budget was limited to a small provisional sum for some joinery items assuming 100% re-use was expected. However, existing items did not meet accessibility and health and safety standards and additional furniture was required for public/ events / revenue generating areas. Structural changes were also required to improve public access to democracy (chamber windows) that weren't identified at programme conception.

34. Investment will create capacity within Facilities Management (FM) teams to deliver the move to the Civic Campus whilst maintaining BAU, but also the specialist skills to operationalise the technologically advanced building. Resources are required in advance of occupation to prepare a successful operational launched. A dedicated consultant will enable definition of the FM Target Operating Model and ensure resources are minimised into the future. Upfront investment in designing FM services should minimise the cost of delivery longer term. An effective FM service is also an imperative for a successful commercial campus.

35. The additional investment will also seek to futureproof the Town Hall's digital resilience to run the more complex IT/AV kit; to move the Council's main IT server from 145 King Street; to increase the number of automated doors throughout the Town Hall to ensure accessibility and enhance the employee and visitor experience.

Assuring the completion of heritage build

36. Market and project factors outside the Council's control have impacted on build costs as outlined in paragraphs 24 and 25 above. Combined, these factors have increased the capital investment required in the build.
37. These costs relate to the prolongation of the Council's project team, the existing employer's agent, cost consultant and technical advisor plus the existing client monitoring team (CMT), made up of the original architects, a mechanical, electrical & plumbing specialist, an IT/AV specialist and a site inspector, all of which will ensure that the works are constructed in line with the specification and contract and that all systems are commissioned and working prior to occupation. Recent events mean additional assurance services are required so both a fire and heritage consultant will be appointed.
38. Construction monitoring and assurance is now required for longer, is more important than ever, but adds costs to the programme. Investment will enable the Council to resource contractor and wider stakeholder negotiations following delays and complications. Remediation works in the Town Hall courtyard should be covered by insurance, subject to the standard deduction of the £150,000 policy excess, but costly work is required to explore the recovery of prolongation fees. In addition, once the revised construction period is agreed, there are likely to be addition costs in respect of insurance cover.

Options Analysis and Recommendation

39. A do-nothing option is not presented to Cabinet because it would mean:
- failing to deliver on the Council's commitment to rejuvenate West King Street
 - proceeding without a modern accommodation hub and relying on alternative interim, leased accommodation into the future.
40. The cost of doing nothing would far exceed the investment sought from Cabinet as a result.

Option 1. Complete at minimal cost

41. This option would meet the costs necessary to conclude the build only, forgoing the opportunity to achieve a commercial and environmentally high performing scheme.
42. Failure to establish a Smart building with high environmental credentials would increase running costs and mean failure to deliver against the manifesto commitment to realise an environmentally positive heritage building.
43. This option is inconsistent with the Council's vision to be commercial and enterprising whilst responding to the climate and ecological emergency. Into the longer term, failure to establish commercial enterprises from the town hall would

miss the benefits to both place and council budgets. Opportunity costs would exceed the investment sought from Cabinet into the longer term.

Option 2. Investment proposed

44. The reasons for the investment proposed are now summarised to conclude detailed analysis.

Reasons for decision

Recommendations 1,2 & 3.

45. The paper has demonstrated how enhanced investment will enable the scheme to meet or exceed all aspects of the founding business case: a rejuvenated campus, local economy and community; financial benefits; and environmental impact.

46. In summary, considering the Council's core vision values, additional investment is required to: **rise to the challenge of the climate and ecological emergency** by enhancing the Town Hall's energy performance and improving its surrounding gardens; be **ruthlessly financial efficient** by delivering an enhanced fit out that reduces longer term running costs and maximises the commercial potential of the venue; **take pride in H&F** by transforming King Street into a new civic and cultural destination; **do thing with residents, not to them** by creating a radically inclusive venue whilst fitting out the site for new ways of working, thereby releasing the workforce to work more closely with residents; to **create a compassionate Council** by concluding a scheme with genuinely affordable housing; to **build shared prosperity** by enhancing local economic performance from the regeneration of West King Street.

Recommendation 4. Contract for design and assurance services

47. The award of a contract is necessary to provide ongoing design assurance and to monitor compliance with the contracts Employers Requirements for the Town Hall. The estimated contract value of £860k is based on a number of working assumptions by officers and will be subject to negotiation. On this basis it is considered that the value could ultimately be lower than £860k.

48. No suitable Framework or Dynamic Purchasing System is available. Considering the nature of the works, a Competitive Procedure with Negotiation will be pursued which involves a two-stage competition inviting five competitors anticipated to be architect's firms, expected to take eight weeks. The tender will be evaluated applying 80% technical and 20% commercial considering the technical nature of the work.

49. The award of a contract is necessary to provide the ongoing design assurance and to monitor compliance with the contract's Employers Requirements for the Town Hall, likely to a firm of architects.

Recommendation 5. Award of contract for Information Technology and Audio-Visual design compliance and monitoring services

50. The award of contract to Entec Si is necessary to ensure that the Council has the optimal level of quality assurance and witnessing expertise in place to ensure delivery of the IT and AV design intent, which is seen to be critical for the Council to achieve its ambitions for hybrid working and for the refurbished Town Hall to be “breathtakingly ahead of its time”.
51. The use of framework for a value of £328,060 with a contract term of one year commencing from 1st February 2023 enables the council to compliantly secure this necessary service.

Recommendation 6. Increase of the long-term leasehold interest to the LLP

52. This final section of the paper is concerned solely with the context and reason for recommendation 6: that Cabinet approves the increase of the long-term leasehold interest to the LLP from a term of 255 years to a term of 999 years.
53. In December 2018 Cabinet approved the grant of leases for the residential units to the LLP for 255 years and the Conditional Agreement for Lease (CAL) was signed on that basis. On 1 December 2020, the Council granted leases of the new build commercial units for a term of 250 years from the date of completion to H&F Housing Developments Limited, the Council's nominee. The leases for the residential units have not yet been drawn down by the LLP.
54. In January 2021 the GLA wrote to its development partners expressing their expectation that shared ownership leases from the 2021 programme onwards should be for 999 years to ensure that shared ownership leaseholders are protected from unreasonable costly and burdensome leasehold extension processes (Appendix 2). The GLA have strongly encouraged other housing providers to adopt the same lease length for outright sales.
55. The Civic Campus shared ownership homes are being delivered by A2Dominion under the 2016-21 programme. Both A2Dominion and the Council appreciate the sentiment of the GLAs proposal and wish to extend both the shared ownership and outright sale the leases to 999 years as recommended to protect lease holder interests.
56. For consistency, it has been proposed that the Council could also extend the commercial leases. If it chooses to do so, leases will be surrendered, and new ones granted for a term of 999 years (less 3 days). Council appointed commercial property agent BNP Paribas have advised that, as at the date of the valuation, a change in the term of the leasehold interest from 250 to 999 years would not have had a material impact on the residual value reported, which was subsequently fixed within the Conditional Agreement for Lease between the Council and the LLP. There would, therefore, have been no additional monetary consideration for the Council in this respect.

57. The do-nothing option available to Cabinet is to retain the existing 255-year term, but this is not considered to be in the interests of leaseholder residents or reflective of the Council's commitment to residents, therefore.
58. The extension of the lease terms is not anticipated to have any additional taxation implications however the finance team will continue to monitor this with support from the Council's external taxation advisers. The tax implications of surrendering and regranting of commercial leases to the nominee with the extended term of 999 years will be reviewed if the Council chooses to extend these leases.

Recommendations 7 and 8: Variation of the CAL

59. The LLP requires the Council to grant to the LLP the leases of each block in advance of the date of practical completion of the town hall glass pod works in order to fulfil their obligations under the agreements for lease in respect of the affordable housing units.
60. The CAL already includes a provision allowing the LLP to drawdown the leases in advance of the date of practical completion of the glass pod works but it does not include any provisions dealing with how the consideration for the leases will be paid as the final construction costs will not be known as at the date of grant of the leases.
61. Should the final constructions costs be less than the acceptable land value, the LLP will need to make a balancing payment. The CAL needs to be varied to include suitable provisions to deal with the timing of that payment (if one is required) and to protect the Council against any risk of any such balancing payment not being made by the LLP.
62. In the event that there is a timing difference between the drawdown of leases and the receipt of consideration by the Council, the Council may be required to recognise a capital debtor which may, in turn, have a technical, temporary impact on the Council's Capital Finance Requirement (CFR). As such, it has been recommended to delegate to the Director of Finance authority to temporarily increase the Capital Finance Requirement (CFR), as necessary, pursuant to preparing the Council's accounts. Any increase, should it be deemed necessary, would be temporary, would unwind as and when consideration was received and would not impact on the Council's revenue position.
63. The tax implications of the granting the LLP leases in advance of the date of practical completion of the glass pod works are currently being reviewed by our external taxation advisers.

Risk Management Implications

64. Risks are periodically assessed and reviewed at Civic Campus Programme Board. Investment is necessary to assist in securing delivery of the Programme benefits through essential upgrades, additional staff capacity to enable

transformation programmes to progress at pace and undertake preparatory work required for the eventual re-occupation.

65. A number of risks are identified in the report which will need to be monitored and mitigated as appropriate:

- Failure to secure the requisite value of anticipated CIL receipts to fund the additional capital costs being requested in the report. As set out in the finance implications this strategy and funding mix will be kept under review and reported as part of future capital budget monitoring reports
- The further potential impact of inflationary pressures, project delays and ongoing detailed design work on the construction and fit out cost and ongoing running costs following project completion. A detailed technical and legal analysis has been undertaken regarding the granting of leases to the LLP in advance of practical completion of the glass pod works. This has identified a technical risk (paragraph 63) in the event that there is a timing difference between the drawdown of leases and the receipt of consideration by the Council. As a result, the Council may be required to recognise a capital debtor which may, in turn, have a technical, temporary impact on the Council's Capital Finance Requirement (CFR). This risk is being mitigated by seeking a delegation to the Director of Finance to temporarily increase the CFR if necessary. In addition, an external specialist has been engaged to assess the tax implications of granting the leases in this way. Officers will need to ensure that any advice provided is then followed in conducting the relevant transactions.

Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 20 January 2023.

ICT (required for any changes to IT systems)

66. The proposed implementation of ICT infrastructure will enable appropriate digital services to be established for all Civic Campus systems and will deliver a modern experience for visitors and the workforce.

Implications completed by: Ramanand Ladva, Digital Services Programme Manager, 20 January 2023.

Local Economy

67. By reimagining a new artistic, cultural, retail and recreational Civic Campus the local economy will be strengthened.

Implications completed by: Joanne Woodward, Director of Planning and Property,

Property

68. Cabinet's investment benefits the corporate estate by establishing the new Town Hall as a safe, modern, inclusive, high quality and high performing main

accommodation hub around which the wider estate will be reduced. Cabinet's investment will make possible the delivery of significant cost avoidance from the review and consolidation of the wider estate.

69. The scheme also delivers high quality commercial and affordable spaces into Council ownership creating a role for Council owned property to be let responsibly, rejuvenating West King Street and delivering social, cultural, financial/ commercial and economic benefit.

Implications completed by: Jonathan Skaife, Acting Head of Commercial Property, 20 January 2023.

Business intelligence

70. Investment in Smart technologies will create an opportunity for the Council for deep insights into property performance and workforce behaviour that will enable data and management information to drive effective financial, social and environmental decision making and therefore benefits. It will need to be determined at a later point how this is met from teams supporting the eventual operations of the new Civic Campus.

Implications completed by: Matthew Sales, AD Programmes and Assurance, 20 January 2023.

HR Implications

71. In May 2021 we outlined the Hello Hybrid Future plan to be delivered for everyone and all buildings. We focused on how we continue to transform our workforce at pace, making the most of new opportunities, benefits and efficiencies that presented themselves post pandemic.
72. New ways of working have created an opportunity to reduce the wider estate and Cabinet's investment enables consolidation to the Campus as we continue to progress our hybrid working model.
73. Over the last 6-9 months a series of prototypes have been in place and designed for the workforce to inform Town Hall needs and requirements - how we work as well as what workplace and technology requirements are needed.
74. Investment in crucial to evolve the new ways of working journey by:
- investing in the fit out and new technologies enhances productivity / employee satisfaction
 - ensuring that we attract the best talent by strengthening our employee proposition
 - facilitating a forward thinking, collaborative environment
 - to be ruthlessly inclusive
 - to enable a digital environment for staff, residents, and visitors.

75. The old Town Hall didn't support collaborative and hybrid working due to the design, layout and lack of hybrid technology. Investment is needed to ensure that the new town hall is a modern, agile, best in class office and accommodation hub for the workforce meeting all general needs accommodation.
76. This commercial offer from Civic Campus will enhance employee wellbeing, attract the best talent and provide an enhanced place with a key focus on arts and culture, as well as where the workforce and visitors can connect with the borough – the people and the place.

Implications completed by: Mary Lamont, Assistant Director, People & Talent, 20 January 2023.

Section 106 and Community Infrastructure Levy

77. Borough Strategic CIL is already earmarked to help fund the refurbishment of the Grade II Listed Town Hall and this report seeks to increase the commitment on the CIL. S106 affordable workspace contributions will also be used to provide workspace within the Civic Campus that supports and grows local start-ups, small businesses and enterprises that are essential to H&F's economy. Opportunities to invest further S106 contributions continue to be investigated where these align with the purposes for which funds have been secured and can help to deliver the wider social, economic, and environmental benefits sought through the Civic Campus project.

Implications completed by: Matt Paterson, Head of Spatial Planning, 20 January 2023.

Consultation

78. Consultation for the wider Civic Campus Programme has been extensive and outlined in previous reports.

List of Appendices:

Exempt Appendix 1: Legal note on the deed of variation of the Construction Contract dated 1st December 2020

Appendix 2: Mayor of London letter regarding lease lengths

Exempt Appendix 3: Legal note on variation to the Conditional Agreement for Lease (CAL)

Exempt Appendix 4: Note on the Accounting Treatment of proposed partial land transfer

Doreen Wright
Development Director
A2 Dominion Group

By email

Date: 22 January 2021

Dear Doreen Wright,

Shared ownership leases in the London Affordable Homes Programme 2021-26

I am writing to let you know about a new expectation that housing delivery partners of the Mayor offer 999-year shared ownership leases as standard on new-build homes, in order to improve the experience of Londoners living in shared ownership.

The Mayor believes that leaseholders, including those living in shared ownership properties, should be protected as far as possible from unreasonably costly and burdensome leasehold extension processes. While the Mayor supports the aims of recently announced measures to review the lease extension process for existing leaseholders, he also believes that the objective of protecting leaseholders can be achieved through the adoption of longer leases from the outset. London can lead by example and set the benchmark for higher standards for residents, with boroughs and housing associations working with the Mayor to introduce longer standard lease terms.

We are therefore introducing an expectation that shared ownership homes delivered through the London Affordable Homes Programme 2021-26 be offered with longer leases. The proposed term is 999 years, unless the land ownership or other restrictions prevent this from being possible, for example the land is owned on a shorter head lease. In this instance, the Mayor's expectation is that partners will offer the longest possible shared ownership lease term.

In December 2020 the Mayor wrote to the Secretary of State Robert Jenrick, in response to the Ministry for Housing, Communities and Local Government's technical consultation on the new shared ownership model. In this he urged the Ministry and Homes England to develop a longer standard lease term through the model lease for the new shared ownership model.

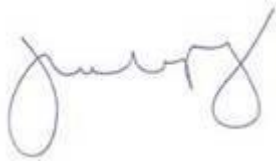
We would also strongly encourage you to ensure that the other homes you build, such as shared ownership homes not in receipt of funding, or private leasehold homes, are offered on a similar basis where it is possible to do so.

MAYOR OF LONDON

I know that as one of the Mayor's delivery partners you will also be committed to addressing London's housing crisis and improving the standards that Londoners can expect, and so I trust that you'll work with me to bring about this change in practice.

If you have any questions, please contact your primary relationship manager at the GLA.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Tom Copley', with a stylized flourish at the end.

Tom Copley

Deputy Mayor for Housing and Residential Development

Agenda Item 12

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 06/02/2023

Subject: Highway Maintenance Contract – Framework Extension

Report of: Councillor Sharon Holder, Cabinet Member for Public Realm

Report author: Ian Hawthorn – Assistant Director Environment Projects and Highways

Responsible Director: Bram Kainth – Strategic Director of Environment

SUMMARY

The Council has a statutory duty to maintain the highways that are maintainable at the public expense under Section 41 of the Highways Act 1980. The Council's current contracts for paving, asphalt surfacing, highways projects, highway bridges and structures, and highway lighting maintenance and renewals were awarded to FM Conway Limited for a 5 year period, and are due to expire on 31 March 2023. However, the contract awards provided for a 3 year extension period (to 31 March 2026), with annual contract reviews.

The construction industry is currently subject to volatile and increasing costs resulting from the current economic climate (notably high inflation, increased fuel costs and the conflict in Ukraine affecting supply). Despite this, the Council has successfully negotiated discounts with the contractor, if it chooses to extend the existing contracts. As such, this report seeks to activate the 3 year contract extension periods for all five existing FM Conway highways maintenance contracts, in order to mitigate against expected contract cost increases and to enable the full reprocurement strategy for highways works to be developed and agreed before March 2026.

RECOMMENDATIONS

1. To note that Appendices 1 and 2 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve three-year extensions of the five highways contracts for FM Conway from 1 April 2023 to 31 March 2026 (with annual reviews presented to the Cabinet Member for Public Realm), at a maximum estimated contract value of £45m (£15m per year).

3. To begin work on a procurement strategy for the provision of Highways works beyond the end of the current framework arrangement (from April 2026).

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	Highway works on the public realm have a major impact on all residents as well as businesses in the borough. Having a contractor that can deliver on a range of Council commitments is key to building prosperity.
Creating a compassionate council	The current contractor is aligned with core values and has several social value schemes that deliver on inclusion, the environment and looking after the most vulnerable.
Doing things with local residents, not to them	Engagement is a key part of the works undertaken, in terms of both design and implementation. Co-production plays a key role in the contractor's delivery of works across the borough.
Being ruthlessly financially efficient	The current market is unstable with volatile and increasing prices. Despite this the Council has successfully negotiated a number of discounts as part of the proposed contract extensions.
Taking pride in H&F	The works delivered under these contracts are key to maintaining an excellent public realm, creating pride in local areas across the borough.
Rising to the challenge of the climate and ecological emergency	The current contracts have delivered a number of green schemes, including recycling materials removed from roads, installing new electric vehicle charge points, using green materials and helping to deliver flood risk schemes.

Financial Impact

Given the current economic climate and the adverse impact that this is having on the construction industry, extending the contracts as permitted will mitigate against the expected cost increases from reprocurring at this time (a number of other London boroughs are currently seeking or agreeing extensions to their highways maintenance contracts, rather than going to the market at this time). Despite these increasing costs, the Council has successfully negotiated a number of cost discounts if the contract extensions are agreed (see appendix 1). This, along with some

benchmarking of proposed costs, provides some reassurance that the proposal to extend the contracts offers best value in the context of the current volatile market. Additionally, officers work closely with the current contractor to manage works within budget (planned footway and carriageway works undertaken to date in 2022/23 have been completed at 13% less than budget).

It should be noted that there is no minimum level of works committed to as part of the existing and recommended contract extension. As such, highways works are scalable depending on the level of funding available in any given year, which can fluctuate as external grant funding fluctuates (e.g. funding from Transport for London or developer contributions). The estimated maximum spend across all five contract areas is £15m per year, giving a maximum estimated contract value of £45m for all three contract extension years.

Kellie Gooch – Head of finance (environment), 22 December 2022.

Verified by Andre Mark – Head of Finance (Strategic Planning and Investment) 22 December 2022

Legal Implications

The Council has a statutory duty to maintain the highways under the Highways Act 1980. These contracts are to enable it to undertake that statutory obligation.

The Public Contracts Regulations 2015 (PCR) apply to these contracts and they are therefore subject to the advertising and competition requirements set out in the regulations. Extensions to contracts subject to the PCR can only be made if they fall within one of the exceptions listed in regulation 72.

These contracts can be extended under regulation 72(1)(a). This allows for contracts to be modified when such modifications are provided for under the terms of the contract. The clauses permitting modification need to be precise and unequivocal and must not alter the overall nature of the contract. There are clauses in the current contracts which meet these tests.

These are high value contracts under the Council's Contract Standing orders. Extensions to such contracts can only be granted if they fall within one of the exceptions set out in regulation 72 of the PCR. For the reasons stated above these extensions are permitted under regulation 72.

John Sharland, Senior solicitor (Contracts and procurement) 22 December 2022

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The current highways maintenance works contracts provide for the construction of civil engineering works on highways, including carriageway and footway surfacing, paving, maintenance repairs and renewals and highway drainage repairs. The contracts also provide for the construction of highway improvements to modernise the highway in keeping with policy objectives and the statutory function as the Highway Authority. Additionally, they provide for undertaking highway drainage repairs and improvements, introducing traffic management schemes, and developing and implementing public realm schemes and projects, including greening programmes and Clean Air Neighbourhoods. The current contracts also enable the Council to construct new access junctions and make changes to the highway to fulfil legal agreements with developers. Importantly, the current contracts allow the Council to meet its statutory duty to maintain the H&F highway network in a safe condition through ongoing planned and reactive maintenance. The majority of highways maintenance works are currently delivered through five 5 year contracts with FM Conway Limited, ending on 31 March 2023, but with the option of a further 3 year extension for each contract to 31 March 2026.
2. It is proposed to continue with the current arrangements and activate the permitted 3 year contract extension periods for the following five existing FM Conway highways maintenance contracts:

Service area	Notional annual sum £000
• Highways Asphalt Surfacing - Carriageway resurfacing programme and project works - planned inlay, overlay and patching schemes requiring machine lay surfacing.	2,000
• Highway Paving Works - Footway reconditioning schemes and project works - planned footway schemes to replace or recondition footways, kerbs and edgings.	2,000
• Highway Projects Works - Civil Engineering Schemes / Projects – Schemes delivered by Highways or Traffic Services, junction upgrades, cycleways and public realm schemes. Including drainage and specialist lighting schemes.	10,000
• Highway Lighting Maintenance and Renewals – Street Lighting replacements and maintenance. Road Markings – provision of road markings for new and refresh works, parking enforcement, and schemes.	500
• Highways Bridge and Structures - Structures and bridge works – Inspections, repairs and replacements to structures.	50

3. A key component of the contract is that no work is guaranteed (no minimum spend thresholds are set). The commissioning of work is subject to numerous factors, including but not limited to the availability of funding.
4. The following factors have been considered in support of extending the existing contract:
 - The current economic environment with the cost-of-living crisis and the conflict in Ukraine has had a major impact on the construction industry, causing volatile

and increasing prices (see appendix 3). It is expected that procurement on the open market at this time will lead to increased contract prices. Many other London boroughs are currently seeking or agreeing extensions to their highways maintenance contracts, rather than going to the market at this time.

- Despite volatile market prices H&F's current works prices remain competitive compared to other contractors and boroughs. Additionally, the Council has successfully negotiated a number of discounts with the current contractor if it agrees to the permitted contract extensions (see exempt appendix 1).
 - The current contractor supports social value, including employing local people, running a successful apprentice scheme and Highways academy (with attendees from the White City estate), running internal modern slavery initiatives, leading the industry in response to mental health issues (including allowing HR officers from H&F free training on Mental Health First Aiders course), as well as embracing co-production (see exempt appendix 2).
 - The current contractor is fully committed to H&F's Climate Change agenda, including initiatives of developing its own recycling plant, recycling 96% of all the materials taken from H&F highways, using electric vehicles including a digger and grab lorry, using cargo bikes for local deliveries (especially on the Hammersmith Bridge project), and creating a carbon sheet, including a dashboard, on works being done in H&F (see exempt appendix 2).
5. If the extension is approved work will begin immediately on exploring the options available for a new highways maintenance contract from April 2026. Procurement options could include developing a H&F only contract or an existing or new framework with others (e.g. with the WLA).

Reasons for Decision

6. At this point in time with high inflation, increased fuel costs and the cost-of-living crisis it is expected that best value can be achieved by extending the existing contracts to mitigate against likely cost increases from procurement at this time. An extension will also allow time for the future procurement strategy for highways works to be developed and agreed before April 2026.

Equality Implications

7. The Construction (Design and Management) Regulations 2007 require the Council to consider all users of the highway when undertaking works to highways maintained at the public expense. As such, equality standards are written into all highways contracts. Staff undertake co-production training and disability awareness courses to ensure the delivery of accessible infrastructure, including when works are being undertaken.

Risk Management Implications

8. The report appropriately considers risk issues in the analysis and agree it would seem prudent to opt for a planned and considered tender process by activating the extensions to both mitigate and realise risks and opportunities a more stable economic and geopolitical situation may enable.

Ray Chitty, Head of Insurance Service, 19 December 2022

Climate and Ecological Emergency Implications

9. The current contractor has set out to deliver several initiatives as set out in Appendix 2. This includes delivering workshops and working closely with the climate change team on carbon reduction calculators for highways works.

Hinesh Mehta, Climate change Lead, 19 December 2022

LIST OF APPENDICES

Exempt Appendix 1 – Industry context and proposed discounts

Exempt Appendix 2 – FM Conway social value offer

Appendix 3 – Construction industry current and pending price changes

CURRENT & PENDING PRICE CHANGES

DECEMBER

SUPPLIER	PRODUCT	INCREASE PERCENTAGE	EFFECTIVE FROM
Wavin	W2828 - Plastic MDPE range (PE80 service pipe) W4368 - Hepworth Terracotta Range: Air bricks, chimney pots, fireplace products, flue liners, gas and ventilation terminals and ridge tiles.	14-15%	01/12/2022
Wienerberger	<ul style="list-style-type: none"> • UK produced Bricks an average of 18.9%. • Imported Bricks an average of 18.9%. • All Clay Pavers an average of 18.9%. • All Clay Blocks an average of 22.0%. • All brick slips and specials an average of 18.9%. • Red Class B bricks in excess of 18.9% (to be advised)" 	18.9 - 22%	05/12/2022

NOVEMBER

SUPPLIER	PRODUCT	INCREASE PERCENTAGE	EFFECTIVE FROM
BREEDON TRADING LIMITED	Concrete Blocks, Paving Products and Bricks by 5% per square metre	5%	01/11/2022
Brett Landscaping	All Brett Landscaping products	7.00%	01/11/2022
Cleftbridge Coatings Ltd	All products	up to 10%	01/11/2022

OCTOBER

SUPPLIER	PRODUCT	INCREASE PERCENTAGE	EFFECTIVE FROM
AGGREGATE INDUSTRIES UK LTD	<p>The increase will be 8.45% for the following product types:</p> <p>Bradstone (*Natural Stone / Porcelain subject to separate negotiation)</p> <p>Bradstone (Structural Walling & Roofing)</p> <p>Charcon (*Natural Stone subject to separate negotiation)</p> <p>Masterblock (*Pallet charges will alter to £16.50 (returnable) and £10.50 (non-returnable))</p>	8.45%	01/10/2022
Castle Cement	Cement & Hanson packed products	14.44%	01/10/2022
Celotex	All products	10%	01/10/2022
ROM	Mesh and rebar	TBC	01/10/2022
Forterra Building Products Ltd	<p>Brick price increases:</p> <p>Extruded, EcoStock, London, Engineering Bricks, Special Bricks.</p> <p>Aggregate Blocks 9% for all products</p>	9 - 15.5%	03/10/2022
HANSON (CONCRETE) QUARRY PRODUCTS	Aggregate Block +9% for all products	9.00%	03/10/2022
Ibstock Brick Limited	Bricks, brickwork components and brick specials	24.50%	03/10/2022

SEPTEMBER

SUPPLIER	PRODUCT	INCREASE PERCENTAGE	EFFECTIVE FROM
Bostik	TBC	TBC	01/09/2022

Last Updated: 13 Sep 2022

Fiberweb (Terram) Geosynthetics Ltd	INBITEX 4.5/100 17% Hydrotex 4 15% New Bodpave 40 12% Bodpave40 White Marker 12% BodPave® 85 BLACK 12% BodPave®85 GREEN 12% BodPave®85 Markers WHITE 12% Truckpave 80 Grey 600x400x80 22% TERRAM GEOCELL 22/20 (6m x 3m) 25% TERRAM GEOCELL 25/10 (7m x 5m) 25% TERRAM GEOCELL 25/10 (7m x 5m) 25% TERRAM GEOCELL 25/15 (7m x 5m) 25% TERRAM GEOCELL 35/10 (7m x 5m) 25% TERRAM GEOCELL 35/15 (7m x 5m) 25% GEO CELL U-pins 100x550x8mm 25% All PW products 15% US1000 4.5m x 100m x 16 Frame 7% Terram 700 4.5m x 150m 15% Terram 1300 - 4500 15%	7-25%	01/09/2022
fosroc	all products	5%%	01/09/2022
Mapei	All products	5%%	01/09/2022
marshalls mono	seating rings and gully cover slabs +8%	8%	01/09/2022
Polypipe PLC	Underground Drainage Products - up to 5% Plumbing - PolyPlumb, PolyFit - up to 8% Waste Pipes, Traps, Fittings - up to 8%	up to 8%	01/09/2022
Tarmac Cement	Cement increase into their packed business of 10%	10.00%	01/09/2022
Turtle Enviro Ltd	Up to 10% on some products	Up to 10%	05/09/2022
Kingspan Insulation	Kingspan GreenGuard up to 15% Kingspan Kooltherm Range up to 15%	up to 15%	19/09/2022

PREVIOUS PRICE CHANGES

AUGUST

SUPPLIER	PRODUCT	INCREASE PERCENTAGE	EFFECTIVE FROM
Alumasc	"Skyline Architectural Aluminium 13.50% Heritage Cast Aluminium Rainwater Systems 11.50% Contemporary Pressed Aluminium Rainwater Systems 13.50% Contemporary Extruded Aluminium Rainwater Systems 20% Cast Iron Rainwater System 5% Infinity Steel Rainwater System 15% "	5-20%	01/08/2022
Anderton Concrete	All products	2.75%	01/08/2022
Clark Drain	Steel 13% Ductile up to 8% Composite up to 10% HDPE product specific up to 15% Plastic PP 15%	8-26%	01/08/2022
Don & Low	All Geotextiles	3 - 10%	01/08/2022
EJ UK Ltd	Composite products – between 8% and 14% Datum Chambers – between 6% and 14%	8%	01/08/2022

Last Updated: 13 Sep 2022

Gatic	Harmer SML Above ground / below Ground Pipework 15% Harmer Aluminium Outlets 11.5% All other Harmer Building Drainage Ranges 3.5%	3.5 - 15%	01/08/2022
Hauraton	10% on all products	10.00%	01/08/2022
Manthorpe	All Products	2-15%	01/08/2022
Marshalls Civils & Drainage (CPM)	Linear Drainage and Combined Kerb Drainage products +7.5% ex-CPM products +8.95%	7.5-8.95	01/08/2022
Polypipe PLC	MDPE	23.2 - 31.43%	01/08/2022
Sika Everbuild	Flooring 4-22.5% Sealing & Bonding 5-20% Waterproofing 5-20%	4-22.5%	01/08/2022
Stanton Precast	"8% on all standard products excluding Gully Slabs and Adjusting Units of 10% to your current price list for deliveries"	8.00%	01/08/2022
Visqueen	All Products	6%	01/08/2022
Vista Engineering Ltd	"38MM JIFFY JOIST HANGERS 50MM JIFFY JOIST HANGERS (BX100)V81 400MM CENTRES V59 HERRINGBONE MOVEMENT TIES 200MM S/STL 250BX SPE+V36 S/STL TYPE 1 H/D TIES 225MM (100MM CAV) VISTA SS RENDERSTOP BEAD 3MTR VISTA SS 13MM STOP BEAD 3MTR VISTA SS 16MM STOP BEAD 3MTR VISTA SS 19MM MOVEMENT BEAD 3MTR VISTA GALV. 13MM STOP BEAD 3MTR VISTA GALV. 16MM STOP BEAD 3MTR VISTA GALV. RENDERSTOP BEAD 3MTR VISTA SPE/B20 SAFETY PLAIN END TIE 225MM VISTA ENG SPECIAL PLASTIC MOVEMENT BEAD 15MM X 2.5M LEN VISTA 1200 FLAT STRAP 28.5 X 2.5 X 1200 200MM MOVEMENT TIE MOVEMENT TIE DEBONDING SLEEVE 1200 TWISTED STRAP 28.5X2.5X1200 1200 L-SHAPED STRAP 28.5X2.5X1200 1800 L-SHAPED STRAP 28.5X2.5X1800"	10-20%	01/08/2022
Wade	Wade Building Drainage 3.5%	3.50%	01/08/2022

JULY

SUPPLIER	PRODUCT	INCREASE PERCENTAGE	EFFECTIVE FROM
Ancon (Leviat)	Ancon Optima, shims and plate products 30% Cast in channels (Inc 30/20) 7% Head Restraints 12% Wire products 8% Strip ties 37% 25/14 Channel 37% Chemicals and grouts 12% Fixings (Hex head setscrews, nuts and bolts) 12% CFS Tube 60% Plastics (Retaining clips and sleeves) 15% CFS & HTSS Screws 12% Teplo ties 12% Helical products (Crack stitching kits, TIM6 ties, TJ2 ties etc.) 25%	7-60%	01/07/2022
AVK	"Series 21 Gate Valve (Water) +9.8% All other Water Products +7.6% Series 85 PE Ball Valves (Gas) +14.8% All other Gas Products +8.7%"	7.6-14.8%	01/07/2022

Last Updated: 13 Sep 2022

Centriforce	All Products	15%	01/07/2022
Clark Drain	Polymer 26%	26%	01/07/2022
Egeplast (Westwood Pipelines)	- SLA Barrier Pipe & Fittings average increase 14.5% - Electrofusion & Spigot Fittings average increase 12.5% - Fabricated Fittings average increase 18.0% - PE 100 & MDPE Service Pipe average increase 21.0% - Gunmetal Fittings average increase 14.5%	12.5-21%	01/07/2022
Enviromesh	All products	12.5%%	01/07/2022
IG Ltd	All published products 18%	18.00%	01/07/2022
Instarmac	All products	3-20%	01/07/2022
Lindab Rainline	Steel rainwater products including Magestic galvanised, painted Rainline and associated products.	15.00%	01/07/2022
Marshalls Plc	7.3% Price increase on Marshalls concrete products across our Commercial and Garden & Driveway ranges	7.30%	01/07/2022
Ox Tools	All products	2-60%	01/07/2022
Plasson	All products in published catalogue	10.00%	01/07/2022
Stowell Concrete	Various	6-7.5%	01/07/2022
Wavin	Osma Pipe Osma Fittings Aquacell TwinWall Clay Fittings Clay Pipe	5% - 12%	01/07/2022
Celotex	All products	10.00%	04/07/2022
Geosynthetics LTD	Non woven geotextiles - % not yet confirmed so it may change	6.00%	04/07/2022

JUNE

SUPPLIER	PRODUCT	INCREASE PERCENTAGE	EFFECTIVE FROM
Celotex	Celotex insulation products	12.50%	01/06/2022
Fosroc	Proofex Engage and Proofex Sheetdrain	12.00%	01/06/2022
Stanton Precast	standard products, excluding Gully Slabs and Adjusting Units	10-12.5%	01/06/2022
Timloc	TBC	12.00%	01/06/2022
Wavin	OsmaDrain 10%-22.5%, Aquacell 10%, Twinwall 10%, Inspection chambers 10%, Hepworth Clay Pipe 10%	10% - 22.5%	01/06/2022
Wrekin	Non-Woven Geotextiles 21.50 % Woven Geotextiles 7.25% Bedding Mortars 14.50% Ductile Iron Products 7.25%	7.25-21.5%	01/06/2022
Kingspan Insulation	All Products	TBC	06/06/2022
Kingspan Insulation	Kingspan PIR Insulation Range	15.00%	06/06/2022

Agenda Item 13



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 UNTIL JUNE 2023

The following is a list of Key Decisions which the Authority proposes to take from February 2023. 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 Ben Coleman
Cabinet Member for Children and Education	Councillor Alexandra Sanderson
Cabinet Member for Civic Renewal	Councillor Bora Kwon
Cabinet Member for Climate Change and Ecology	Councillor Wesley Harcourt
Cabinet Member for Economy	Councillor Andrew Jones
Cabinet Member for Finance and Reform	Councillor Rowan Ree
Cabinet Member for Housing and Homelessness	Councillor Frances Umeh
Cabinet Member for Public Realm	Councillor Sharon Holder
Cabinet Member for Social Inclusion and Community Safety	Councillor Rebecca Harvey

Key Decisions List No. 123 (published 26 January 2023)

KEY DECISIONS LIST – FROM FEBRUARY 2023

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 Housing and Homelessness	February 2023	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 and Homelessness	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Dominic D Souza Dominic.DSouza@lbhf.gov.uk	
Cabinet Member for Social Inclusion and Community Safety	February 2023	Third Sector Investment Fund Report to agree forward plan for 3SIF.	Cabinet Member for Social Inclusion and Community Safety	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Katharina Herrmann Katharina.Herrmann@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Strategic Director of Social Care	February 2023	Public Health Budget Approval - Primary Care Activity Budget approval report for public health funded services within primary care from April 2021- March 2024.	Deputy Leader, Deputy Leader	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Nicola Ashton Tel: 020 8753 5359 Nicola.Ashton@lbhf.gov.uk	
Chief Executive	February 2023	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.		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Will Parsons Tel: 0776 848 6764 Will.Parsons@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2023	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	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s):	
			Contact officer: Matthew Rumble matt.rumble@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Strategic Director for the Environment	February 2023	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 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.	Cabinet Member for Public Realm	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Ian Hawthorn Tel: 020 8753 3058 ian.hawthorn@lbhf.gov.uk	
Strategic Director for the Environment	February 2023	Hammersmith Park - Improvements 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.	Cabinet Member for Climate Change and Ecology	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Shepherds Bush Green Contact officer: Silvera Williams Silvera.Williams@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Strategic Director for the Environment	February 2023	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	Cabinet Member for Climate Change and Ecology	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Contact officer: Silvera Williams Silvera.Williams@lbhf.gov.uk	
Cabinet Member for Housing and Homelessness	February 2023	Stack Descale Planned Programme To approve procurement for a 1 year planned programme to deliver soil stack descals across selected housing blocks.	Cabinet Member for Housing and Homelessness	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Emma Lucas Tel: 07827883247 Emma.Lucas@lbhf.gov.uk	
Cabinet Member for Social Inclusion and Community Safety	February 2023	Decision on whether to introduce a Public Space Protection Order in relation to responsible dog ownership This report will outline the result of a public consultation into whether to introduce a Public Space Protection Order in relation to responsible dog ownership across the whole borough	Cabinet Member for Social Inclusion and Community Safety	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Beth Morgan, Laura Seamons Tel: 020 8753 3102, Tel: 07786965292 beth.morgan@lbhf.gov.uk, laura.seamons@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet Member for Social Inclusion and Community Safety, Cabinet Member for the Economy	February 2023	Construction Code of Practice The Council's Noise and Nuisance team would like to publish a Code of Practice for Construction Work. By publishing an approved Code of Construction Practice the council will set out clear requirements for how construction works should be carried out. This will help to ensure that all impacts from those works e.g. noise or dust complaints, are minimised.	Cabinet Member for the Economy, Cabinet Member for Social Inclusion and Community Safety	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Hashith Shah Tel: 020 8753 6693 Hashith.Shah@lbhf.gov.uk	
Cabinet Member for Social Inclusion and Community Safety	February 2023	Decision on whether to introduce a Public Space Protection Order (PSPO) in relation to the use of E-scooters, E-bikes, and Pedal Cycles This report will outline the result of a public consultation into whether to introduce a Public Space Protection Order in relation to the use of e-scooters, e-bikes and pedal cycles across the Thames Path.	Cabinet Member for Social Inclusion and Community Safety	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): Ravenscourt; Hammersmith Broadway; Fulham Reach; Munster; Palace & Hurlingham; Sands End Contact officer: Charis Champness, Beth Morgan, Neil Thurlow Tel: 020 8753 3102, Charis.Champness@lbhf.gov.uk, beth.morgan@lbhf.gov.uk, Neil.Thurlow@lbhf.gov.uk	
Cabinet Member for Social Inclusion and Community Safety	9 Feb 2023	Consumption of Alcohol Public Spaces Protection Order Key decision being raised for the Community Safety Unit to consult on extending the existing Public Spaces Protection Order on Consumption of Alcohol. To be taken to Councillor Harvey's CMB, 9th of February.	Cabinet Member for Social Inclusion and Community Safety	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Roisin Conroy Tel: 07387099855 Roisin.conroy@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
				background papers to be considered.
Resources				
Cabinet Member for Housing and Homelessness	February 2023	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 and Homelessness	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Richard Buckley richard.buckley@lbhf.gov.uk	
Director Children's Services	February 2023	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	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Will Parsons Tel: 0776 848 6764 Will.Parsons@lbhf.gov.uk	
Director Children's Services	February 2023	Approval to agree contract with Family support Service (FSS) To enable to enter in to a contract with Family Support Service (FSS).	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any
	Reason: Expenditure/Income above £300K - Revenue up to £500k		Ward(s): Contact officer: Lesley Bell Lesley.Bell@lbhf.gov.uk	

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	and Capital up to 1.5m			supporting documentation and / or background papers to be considered.
Cabinet Member for Finance and Reform	February 2023	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 Finance and Reform	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Josh Hadley, Davina Barton Tel: 020 8753 1980, Josh.Hadley@lbhf.gov.uk, Davina.Barton@lbhf.gov.uk	
Cabinet Member for Children and Education	February 2023	Contract Extensions on Family Support (FS) Framework To extend a series of contracts on the Family Support Service (FSS) framework and deliver savings required.	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Lesley Bell Lesley.Bell@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2023	Contract extension for Floating Support Service Approval of two procurement strategies for the White City Central scheme.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Ayesha Ovaisi	

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			Tel: 020 8753 5584 Ayesha.Ovaisi@lbhf.gov.uk	details of any supporting documentation and / or background papers to be considered.
Cabinet Member for Finance and Reform	February 2023	MFD Reprourement The Council has a contract for the provision of multi-functional devices (printers, scanners and copiers) so that its staff can have access to print services in its offices. The contract is due for renewal in 2021.	Cabinet Member for Finance and Reform	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Josh Hadley Tel: 020 8753 1980 Josh.Hadley@lbhf.gov.uk	
Deputy Leader	February 2023	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	Deputy Leader	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Lisa Henry Tel: 07584522952 Lisa.Henry@lbhf.gov.uk	
Strategic Director of Social Care	February 2023	Day Opportunities Contract awards Contract awards for three day centres for older people	Deputy Leader	A detailed report for this item will be available at least five working days before the date of the meeting and will include
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Lisa Henry Tel: 07584522952	

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			Lisa.Henry@lbhf.gov.uk	details of any supporting documentation and / or background papers to be considered.
Deputy Leader	February 2023	Extension of Incumbent Homecare Contracts This report seeks Cabinet member approval for the extension of the existing homecare contracts for 1year + 6 months + 6months.	Deputy Leader	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Christine Williams Christine.Williams@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2023	Procurement Strategy - Roof Repair Programme To repair and replace roofs at 2 locations: Macbeth and Fulham Library.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): College Park and Old Oak; Fulham Reach; Hammersmith Broadway	
			Contact officer: Anthony Baafi Tel: 0796 796 6024 anthony.baafi@lbhf.gov.uk	
Cabinet Member for Children and Education	February 2023	Procurement Strategy for Young Persons and Care Leaver's Semi-independent Living The purpose of this strategy is to	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days
	Reason: Expenditure/Income -		Ward(s): All Wards	

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	Revenue between £500,000 and £5m and Capital between £1.5m and £5m	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.	Contact officer: Will Parsons Tel: 0776 848 6764 Will.Parsons@lbhf.gov.uk	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 2023	Semi Independent Living Contract (SIL) Providing the provision of SIL across Care Leavers and Young Persons at Risk Pathway	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Adie Smith Tel: 07554 222 716 adie.smith@lbhf.gov.uk	
Strategic Director for the Environment	February 2023	Refuge Direct Award Direct award refuge provision - 1st April 2021 - 31st March 2022.	Cabinet Member for the Environment	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Felicity Charles Tel: 02087534311 Felicity.Charles@lbhf.gov.uk	
Director Children's Services	February 2023	Child and Adolescent Mental Health Services (CAMHS) for 21/22	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days
	Reason: Expenditure/Income		Ward(s): All Wards	

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	income above £300K - Revenue up to £500k and Capital up to 1.5m	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.	Contact officer: Craig Holden Tel: 07850 541 477 Craig.Holden@lbhf.gov.uk	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 2023	Award to the Travel Care Taxi Services Framework Award of providers to the Travel Care Taxi Framework	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/ income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Joe Gunning Tel: 07769672031 Joe.Gunning@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2023	White City Central - Variation to the appointments of Mae, Curtins, 24 Acoustics, Make:Good and Farrer Huxley to include RIBA 3A This report concerns the proposed development of the site known as White City Central area ("site"). The report seeks the approval for the variation of existing contracts for stage RIBA 3A to assist in the procurement of the main contractor.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Tarie Chakare, Ayesha Ovaisi Tel: 020 8753 5584 tarie.chakare@lbhf.gov.uk, Ayesha.Ovaisi@lbhf.gov.uk	

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Cabinet Member for Social Inclusion and Community Safety	February 2023	Award for Violence Against Women and Girls Services Award report for VAWG services - Integrated Support Service	Cabinet Member for Social Inclusion and Community Safety	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Felicity Charles Tel: 02087534311 Felicity.Charles@lbhf.gov.uk	
Cabinet Member for the Economy	February 2023	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.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Davina Barton Davina.Barton@lbhf.gov.uk	
Cabinet Member for Children and Education	February 2023	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.	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason:		Ward(s): All Wards	
			Contact officer: Will Parsons Tel: 0776 848 6764 Will.Parsons@lbhf.gov.uk	

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Director of Finance	25 Feb 2023	Digital Services future network and security infrastructure The purchase of networking hardware to support new services and sites being set up. Equipment is required to establish secure on-site connectivity and futureproof infrastructure.	Cabinet Member for Finance and Reform	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
			Contact officer: Ramanand Ladva Tel: 07493864847 Ramanand.Ladva@lbhf.gov.uk	
Cabinet Member for Children and Education	February 2023	Coordination of the Holiday Activision and Food Programme offer across the London Borough of Hammersmith and Fulham Procurement of coordination services for the local delivery of the Holiday Activity and Food Programme in 2022 with possible extensions up to 2024.	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Marcus Robinson Marcus.RobinsonCHS@lbhf.gov.uk	
Cabinet Member for Social Inclusion and Community Safety	February 2023	Award Report for Refuge services This report seeks approval to award a contract to deliver refuge services from April 2022 to March 2027. This contract will support women and children experiencing domestic abuse and other forms of violence against women and girls.	Cabinet Member for Social Inclusion and Community Safety	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Beth Morgan Tel: 020 8753 3102 beth.morgan@lbhf.gov.uk	

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Strategic Director of the Economy Department	February 2023	Warm Works contract Awarding a contract to carry out energy efficiency and low-carbon retrofits for low-income households in the private sector, as part of a wider London consortium and Government grant scheme.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: David McNulty David.McNulty@lbhf.gov.uk	
Cabinet Member for Children and Education	February 2023	Maintained Nursery Grant Funding Approve maintained nursery funding for academic year 22/23 at current levels from early years block	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Paul Triantis Paul.Triantis@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2023	Procurement Strategy & Award of Air Source Heat Pumps We are proposing to let and award a contract for the supply and installation of air to water source heat pump system (s) at 105 Greyhound Road, W6 8NL and the Public Mortuary at 200 Townmead Road, SW6 2RE.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): Sands End Contact officer: Sebastian Mazurczak Tel: 020 8753 1707 Sebastian.Mazurczak@lbhf.gov.uk	

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Cabinet Member for Housing and Homelessness	February 2023	Contract Award Report - Consultancy Services Framework Contract award report in relation to the appointment of specialist external consultants to deliver professional services for the Economy Department covering: Multi-disciplinary services (such as Quantity Surveyors, Contract Administrators, Project Managers, Principal Designers including CDM Consultants/Advisors, Building Surveyors and Employers Agents including a combination of such services); Engineering Services (such as Mechanical & Electrical and Civil and Structural); Architectural Services; Clerk of Works Services; and Fire Consultancy Services. The Consultancy Services Framework Agreement comprises eight (8) lots and will run for a period of four (4) years.	Cabinet Member for Housing and Homelessness	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Dominic D Souza Dominic.DSouza@lbhf.gov.uk	
Leader of the Council	February 2023	Open Market Acquisition The authority to acquire residential properties to accelerate the delivery of genuinely affordable housing in the borough, to meet the urgent need for affordable housing.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Mo Goudah mo.goudah@lbhf.gov.uk	

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Cabinet Member for Housing and Homelessness	February 2023	Variations to Housing Repairs Contract Contract variation to existing housing repairs contract	Cabinet Member for Housing and Homelessness	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason:		Ward(s): All Wards	
			Contact officer: Emma Lucas Tel: 07827883247 Emma.Lucas@lbhf.gov.uk	
Director of Finance	February 2023	Land and property-based ICT system contract extension Approval of a 12 month contract extension with existing provider IDOX to enable the data migration and new system configuration to take place		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
			Contact officer: Davina Barton Davina.Barton@lbhf.gov.uk	
Strategic Director of the Economy Department	25 Feb 2023	Framework Award for Disrepair Surveying support Contract award for a consultancy service to provide disrepair surveying support.	Cabinet Member for Public Realm	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s):	
			Contact officer: Emma Lucas Tel: 07827883247 Emma.Lucas@lbhf.gov.uk	

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Cabinet Member for Children and Education	February 2023	Translation & Interpretation Services To procure and and award one corporate contract for the wider council's use of Translation and Interpretation Services.		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Adie Smith Tel: 07554 222 716 adie.smith@lbhf.gov.uk	
Cabinet Member for Public Realm	February 2023	Parking Bailiff Enforcement Procurement Strategy This decision will be to sign off on the procurement strategy relating to the bailiff enforcement contract for outstanding Penalty Charge Notice (PCN) debt.		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Gary Hannaway, Bram Kainth Tel: 020 8753, Tel: 07917790900 gary.hannaway@lbhf.gov.uk , bram.kainth@lbhf.gov.uk	
Cabinet Member for Social Inclusion and Community Safety	March 2023	Home care and independent living The key decision award report for home care and independent living to be signed off by Cabinet Member. The service provides home to residents living in the borough with assessed eligible need		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Laura Palfreeman Tel: 0208 753 1953 Laura.Palfreeman@lbhf.gov.uk	

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Cabinet Member for Children and Education	February 2023	Procurement Strategy for Community Schools Programme Refurbishment Works To refurbish Lena Gardens and Mund St. sites to serve as decant locations for schools in the Community Schools Programme		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): Avonmore; Addison; Brook Green; Ravenscourt Contact officer: Anthony Mugan Anthony.Mugan@lbhf.gov.uk	
Cabinet Member for Social Inclusion and Community Safety	25 Feb 2023	Specialist Co-Located Independent Domestic Violence Advocacy (IDVA) Service - Contract Award Contract award for provision of a Specialist Co-Located Independent Domestic Violence Advocacy (IDVA) Service, with IDVAs co-located in children's social care, housing and criminal justice services. The contract is due to commence on 1st April 2023 and run for two years, with the option to extend for a further two years.		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Neil Thurlow Neil.Thurlow@lbhf.gov.uk	
Cabinet Member for Public Realm	February 2023	Waste, Recycling & Street Cleansing Contract - Provisional Services Recommendations around implementation of additional provisional services to waste contract		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Pat Cosgrave Tel: 020 8753 2810 Pat.Cosgrave@lbhf.gov.uk	

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Deputy Leader	February 2023	Direct award for a five public health contracts covering sexual health, substance misuse and stop smoking contracts Direct awards are sought for five public health contracts that are either underway or timetabled to be procured over the next three months. The direct awards allow for staggered procurements to take place and contracts to be in place between the council and provider for short periods up to 31 March 23 and 30 June 23. The contracts cover sexual health, substance misuse and stop smoking contracts.	Deputy Leader	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Nicola Ashton Tel: 020 8753 5359 Nicola.Ashton@lbhf.gov.uk	
Cabinet Member for Public Realm	February 2023	Contract award for Residential Charging Network expansion The Council has successfully secured £4.2 million of funding from the On-street Residential Charging Scheme (ORCS), run by the Office for Low Emission Vehicles. This report now seeks approval for the procurement strategy to expand the residential lamp column charge point network through an award of a concession contract, as recommended in this report, to Joju Limited (Joju) for a period of five years commencing in Summer 2022, with the option for the Council to extend for a further two years.	Cabinet Member for Public Realm	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Masum Choudhury Masum.Choudhury@lbhf.gov.uk	
Cabinet Member for the Economy	February 2023	Control Team Procurement Strategy - Four Development Sites Procurement of a Control Team for the proposed developments of new homes at Barclay Close, Becklow Gardens, The Grange & Jepson House.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital		Ward(s): Coningham; Walham Green; Sands End Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	

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	between £1.5m and £5m			documentation and / or background papers to be considered.
Cabinet Member for the Economy	25 Feb 2023	Design Team Procurement Strategy - Four Development Sites Procurement of a Lead Architect and Design Team for the proposed developments of new homes at Barclay Close, Becklow Gardens, The Grange & Jepson House.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): Coningham; Walham Green; Sands End Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	
Cabinet Member for Finance and Reform	February 2023	Infrastructure Asset Management System Procurement of an infrastructure asset management system for use in various departments across the council. The incumbent supplier is Confirm on Demand.	Cabinet Member for Finance and Reform	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Sean Dickson Tel: 0208 753 1781 sean.dickson@lbhf.gov.uk	
Cabinet Member for Finance and Reform	February 2023	Modern Desktop Service and Tech-tonic 2 Device refresh partner award Approval for a contract award for a 3rd party supplier to manage elements of the modern desktop service and assist with Tech-Tonic 2 device refresh.	Cabinet Member for Finance and Reform	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and		Ward(s): All Wards Contact officer: Veronica Barella Tel: 020 8753 2927 Veronica.Barella@lbhf.gov.uk	

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	Capital between £1.5m and £5m			documentation and / or background papers to be considered.
Strategic Director of the Economy Department	February 2023	Community Schools Programme – Variation to the appointment of Design Team (BPTW) Variation to existing contract for Design Team services (encompassing architectural design services) for the Community Schools Programme.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): Avonmore; Ravenscourt	
			Contact officer: Patrick Vincent Patrick.Vincent@lbhf.gov.uk	
Deputy Leader	25 Feb 2023	Direct Award of Contract for Minterne Gardens Extra Care Service The decision is to agree that the Contract with Housing 21 will start from February 2023 until 31st March 2027. The decision is to agree that the total value of the four-year Housing 21 Minterne Gardens contract is expected to be £3,919,566. The service is based on a core and flexi model which fits around resident's needs. This contract will provide a consistent and sustainable Extra Care Service for resident of the borough, which promotes independent living, enabling them to remain in their own home for as long as possible and reduces the need for more expensive residential care.		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): White City; Wormholt	
			Contact officer: Johan van Wijgerden Tel: 07493864829 Johan.vanwijgerden@lbhf.gov.uk	

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Cabinet Member for the Economy	February 2023	Award report for appointment of main contractor on Hartopp & Lannoy Point Award report for appointment of the main contractor on Hartopp and Lannoy Point following approval by Cabinet and Full Council		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): Munster Contact officer: Niral Patel niral.patel@lbhf.gov.uk	
Cabinet Member for Finance and Reform, Cabinet Member for the Economy	February 2023	Award of H&F Non-Residential Property Water Contract to Water Plus 2023 - 2027 Direct award required through New Laser Framework which Laser have ruthlessly benchmarked and completed detailed analysis of top water suppliers which all meet high industry standards. LBH&F have selected Waterplus on best value, continuity of service, excellent customer service and added in-house capabilities, and accurate quality reporting.		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Kal Saini, Sebastian Mazurczak Tel: 0208 753 7937, Tel: 020 8753 1707 Kal.Saini@lbhf.gov.uk, Sebastian.Mazurczak@lbhf.gov.uk	
Deputy Leader	February 2023	Award Report - Substance Misuse Contract The report sets out the decision to award to the winning tenderer and the procurement process followed in awarding the decision.	Deputy Leader	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Nicola Ashton Tel: 020 8753 5359 Nicola.Ashton@lbhf.gov.uk	

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Cabinet Member for the Economy	February 2023	Procurement Strategy for Property and FM Hard Service to Procure a Mechanical Maintenance Contract for its Corporate Estate Property and FM require now to go out to market again to renew its mechanical maintenance contract required to maintain the corporate's estate mechanical assets and meet its statutory obligations. Property and FM are looking to procure a new 5 (3+2) year contract with a specialist supplier to maintain its heating, cooling and other mechanical systems as its current contracts have now come to an end.		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Sebastian Mazurczak, Chris Nolan Tel: 020 8753 1707, Sebastian.Mazurczak@lbhf.gov.uk, Chris.Nolan@lbhf.gov.uk	
Cabinet Member for Housing and Homelessness	February 2023	Contract Award Report – Consultancy Services Framework Agreement This report seeks approval from the Cabinet Member for Housing to award the contract for the 'Consultancy Services Framework Agreement' for the following eight (8) lots: Lot 1: Multi-disciplinary Services – capital projects with a value between £0 to £500,000 The Services may cover all or any of the following disciplines: • Quantity Surveyors • Contract Administrators • Project Managers • Principal Designers • CDM Compliance Consultants • Building Surveyors • Employer's Agents Lot 2: Multi-disciplinary Services – capital projects with a value between £500,001 to £3.5m Lot 3: Multi-disciplinary Services – capital projects valued between £3,500,001 to £6.5m Lot 4: Multi-disciplinary Services – capital projects valued at above £6,500,001	Cabinet Member for Housing and Homelessness	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Nick Marco-Wadey Tel: 07988490264 Nick.Marco-Wadey@lbhf.gov.uk	

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		<p>Lot 5: Civil and Structural and Mechanical and Electrical Engineering Services The Services comprise any or all of the following:</p> <ul style="list-style-type: none"> • Structural Engineering; • Civil Engineering; and • Mechanical and Electrical (M&E) and Public Health Engineering <p>Lot 6: Architectural Services for building related projects with values up to £500,000 Architectural services</p> <p>Lot 7: Clerk of Works Clerk of Works services</p> <p>Lot 8: Fire Consultancy Services Passive compartmentation surveys, fire risk assessments and fire door inspections</p> <p>*Note- the final contract award will be dependent on the provision of the Framework agreement and call-off process documents. These are to be supplied by the procurement team.</p>		
Cabinet Member for Public Realm	February 2023	Frank Banfield Community Garden To conduct a tender process for the construction of a community garden and hub in Frank Banfield Park. The works are wholly funded by S106 and have been previously approved by the planning department.	Cabinet Member for Public Realm	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Hammersmith Broadway Contact officer: Hugo Ross-Tatam Hugo.ross-tatam@lbhf.gov.uk	
Strategic Director of the Economy Department	16 Feb 2023	Procurement Strategy decision: Agreement to access and call-off the Fusion 21 Framework, Lot 4 'Housing Disrepair'. Seeking approval for two	Cabinet Member for Housing and Homelessness	A detailed report for this item will be available at least five working days
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	

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	Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	<p>stages of agreement.</p> <p>The first stage of agreement is to join the Fusion 21 Framework Lot 4 'Housing Disrepair'. This provides us with access to 13 pre-qualified and competitively ranked disrepair, damp and mould contractors. This stage does not require any financial commitment.</p> <p>The second stage of agreement, is to call-off the framework via a direct award for £1,500,000 worth of disrepair works. We are looking to call -off £1,500,000 per year, for three years. This stage will be subject to:</p> <ul style="list-style-type: none"> > stage 1 approval > finance verification confirming budget. 	<p>Contact officer: Richard Buckley richard.buckley@lbhf.gov.uk</p>	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 and Homelessness	25 Feb 2023	<p>Contract Award decision to join and call-off the Fusion 21 Framework, Lot 4 'Housing Disrepair'</p> <p>Seeking approval for two stages of agreement.</p>	Cabinet Member for Housing and Homelessness, Cabinet Member for Housing and Homelessness, Cabinet Member for Housing and Homelessness	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m	<p>The first stage of agreement is to join the Fusion 21 Framework Lot 4 'Housing Disrepair'. This provides us with access to 13 pre-qualified and competitively ranked disrepair, damp and mould contractors. This stage does not require any financial commitment.</p> <p>The second stage of agreement, is to call-off the framework via a direct award for £1,500,000 worth of disrepair works. We are looking</p>	<p>Ward(s): All Wards</p> <p>Contact officer: Nick Marco-Wadey Tel: 07988490264 Nick.Marco-Wadey@lbhf.gov.uk</p>	

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		to call -off £1,500,000 per year, for three years. This stage will be subject to: > stage 1 approval > finance verification confirming budget.		
Cabinet Member for Children and Education	6 Feb 2023	Step Up to Social Work Procurement Strategy The Step Up to Social Work Programme is a fully funded training programme for social workers. The current contract ends on 26th June 2023 with no option to extend. Hammersmith and Fulham is the lead borough on behalf of the West London Regional Partnership for this programme. This report seeks approval of a strategy to recommission a higher education partner to work with the local authority to deliver the programme by way of a competitive procurement exercise.		A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Hannah Lambeth Hannah.Lambeth@lbhf.gov.uk	
Strategic Director of the Economy Department	Before 7 Jun 2023	Decarbonisation of non-domestic properties (phase 2) - WOS - contract award Decision relates to the award of a Works / Optimisation Service (WOS) contract for retrofitting and decarbonising H&F assets (incl. replacement of gas boilers with ASHPs). This decision follows the procurement strategy taken to Cabinet on 18th July 2022 and the Cabinet report (requesting approval for authority to award the contract to be delegated to relevant the SLT Director, in consultation with the Cabinet Member) on 6th March 2023. The WOS contract will be used for the installation of Energy Conservation Measures (ECMs) at	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Jonathan Skaife Jonathan.Skaife@lbhf.gov.uk	

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		H&F non-domestic properties. The delivery of decarbonisation and retrofit projects will support the Council to achieve its net-zero carbon target and reduce carbon emissions in H&F.		
Strategic Director of the Economy Department	24 Feb 2023	Netcall services renewal March 2023 The contract for the council's main call management platform, Netcall, is coming to an end in March 2023 and needs to be renewed to maintain operational service.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Contact officer: Ramanand Ladva Tel: 07493864847 Ramanand.Ladva@lbhf.gov.uk	
Cabinet Member for the Economy	February 2023	Civic Campus, Deed of Variation approval Deed of Variation approval for Contracts A & B	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): Hammersmith Broadway Contact officer: Jon Pickstone, Denise McEnery jonathan.pickstone@lbhf.gov.uk, Denise.McEnery@lbhf.gov.uk	
Deputy Leader	21 Feb 2023	Contract for Elgin Close Extra Care Services and the Day Centre Services The current provider Notting Hill Genesis (NHG) have given notice to Hammersmith and Fulham that they intend ceasing provision of all Care Service in this borough and nationally.	Deputy Leader	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any
	Reason: Expenditure/Income - Revenue between £500,000		Ward(s): Coningham Contact officer: Johan van Wijgerden Tel: 07493864829	

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	and £5m and Capital between £1.5m and £5m	Elgin Close was marketed by NHG for a potential buyer, which included the three elements: Building, Extra Care Service and Resource Centre. Subject to NHG's and Hammersmith and Fulham's due diligence processes, Housing 21 was selected as the most suitable organisation. This contract novates the current contract (Notting Hill Genesis) to Housing 21.	Johan.vanwijgerden@lbhf.gov.uk	supporting documentation and / or background papers to be considered.
Cabinet Member for Public Realm	23 Feb 2023	Body Collection, Mortuary Services Contract Procurement to award contract to collect coronial deceased on behalf of the West London Coronial Service.	Cabinet Member for Public Realm	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Christina Houghton Christina.Houghton@lbhf.gov.uk	
CABINET - 6 February 2023				
Cabinet	6 Feb 2023	Civic Campus Programme update Update on progress with the Civic Campus and recommendation for financial investment	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason:		Ward(s): Hammersmith Broadway	
			Contact officer: David McNulty David.McNulty@lbhf.gov.uk	

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Cabinet	6 Feb 2023	REVENUE BUDGET AND COUNCIL TAX LEVELS 2023/24 The Council is obliged to set a balanced budget and council tax charge in accordance with the Local Government Finance Act 1992. This report sets out the proposals to balance the Council's budget for 2023/24.	Cabinet Member for Finance and Reform	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk	
Cabinet	6 Feb 2023	FOUR YEAR CAPITAL PROGRAMME 2023/24 AND CAPITAL STRATEGY 2023/24 This report presents the Council's four-year Capital Programme for the period 2023 to 2027.	Cabinet Member for Finance and Reform	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Andre Mark Tel: 020 8753 7227 andre.mark@lbhf.gov.uk	
Cabinet	6 Feb 2023	CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2022/23 (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 Reform	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Andre Mark Tel: 020 8753 7227 andre.mark@lbhf.gov.uk	

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Cabinet	6 Feb 2023	FINANCIAL PLAN FOR COUNCIL HOMES: THE HOUSING REVENUE ACCOUNT (HRA) BUDGET AND RENTS/SERVICE CHARGES FOR 2023/24 This report sets out the HRA budget proposals for the financial year 2023/24 including changes to rent levels and other charges and explains the wider strategic operating environment facing the HRA. The Council will optimise the financial position for the HRA in 2023/24 and rents will be increased by 4.4%. Additional investment (including one-off growth) of £3.5m is planned to support improvements in customer services, the management of disrepair and health & safety and supporting tenants through an Annual Visits Programme. The 40-year HRA business plan is being updated and reviewed. This will be reported in detail to the Cabinet in March 2023 and will set out the medium-term financial position on the HRA.	Cabinet Member for Housing and Homelessness	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Danny Rochford Danny.Rochford@lbhf.gov.uk	
Cabinet	6 Feb 2023	Treasury Management Strategy 2023/24 This report sets out the Council's Treasury Management Strategy for 2023/24	Cabinet Member for Finance and Reform	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Budg/pol framework		Ward(s): All Wards Contact officer: Phil Triggs ptriggs@westminster.gov.uk	

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Cabinet	6 Feb 2023	Highways Works Contract Framework Extension Report to seek approval to take up 3 year extension option on the RBKC Highways works framework	Cabinet Member for Public Realm	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards	
			Contact officer: Ian Hawthorn Tel: 020 8753 3058 ian.hawthorn@lbhf.gov.uk	
Cabinet	6 Feb 2023	Sourcing Strategy This report sets out an overarching sourcing strategy for the council, in line with our audit requirements. The strategy will improve how we source goods, works and services so that we secure the best outcomes for residents; secure exceptional value for money and operate as an efficient, modern, and compliant organisation. This strategy sits alongside the Council's operational governance arrangements including: the Constitution, Contract Standing Orders, the Financial Regulations, Code of Conduct Policies (for Officers & Members), the Anti-Bribery Policy, the Corporate Anti-Fraud and Corruption Strategy and the Gifts and Hospitality Policy.	Cabinet Member for Finance and Reform	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Budg/pol framework		Ward(s): All Wards	
			Contact officer: Joanna McCormick Tel: 0741207694 Joanna.Mccormick@lbhf.gov.uk	
Cabinet	6 Feb 2023	Acquisition of Affordable Homes Under Construction Acquisition of 58 affordable homes under construction in a private development in the borough.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any
	Reason: Expenditure/Income over £5m & policies or new income, reserves		Ward(s): College Park and Old Oak	
			Contact officer: Mo Goudah	

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	use, overspend over £300K		mo.goudah@lbhf.gov.uk	supporting documentation and / or background papers to be considered.

CABINET - 6 March 2023

Cabinet	6 Mar 2023	Procurement strategy - Contract for Unattended CCTV camera system This report sets out the procurement strategy for Unattended CCTV goods and services.	Cabinet Member for Public Realm	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Akintomide Akinrogbe akintomide.akinrogbe@lbhf.gov.uk	
Cabinet	6 Mar 2023	School Budget (Dedicated Schools Grant) 2023/24 To approve the schools budget funding formula for allocating resources to H&F schools for the financial year 2023/24	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Tony Burton tony.burton@lbhf.gov.uk	
Cabinet	6 Mar 2023	Decarbonisation of non-domestic properties This Key Decision is a notice of: (1) an 'in principle' decision to	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days
	Reason: Expenditure/Income over		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	£5m & policies or new income, reserves use, overspend over £300K	<p>award a Works / Optimisation Services (WOS) contract in excess of £10m; and</p> <p>(2) to make the contract award an Officer's Decision, delegating the award of the contract to the identified supplier to the Strategic Director of the Economy (in consultation with the Cabinet Member).</p> <p>The WOS contract will be used for the installation of Energy Conservation Measures (ECMs) at H&F non-domestic properties. The delivery of decarbonisation and retrofit projects will support the Council to achieve its net-zero carbon target and reduce carbon emissions in H&F.</p> <p>The Council is awaiting the results of its application to the Public Sector Decarbonisation Scheme (PSDS); after notification of the outcome, the total value of the contract will be set (based on amount of grant funding won), and the contract awarded by the SD of the Economy (in consultation with the Cabinet Member).</p>	<p>Contact officer: Jonathan Skaife Jonathan.Skaife@lbhf.gov.uk</p>	before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	<p>6 Mar 2023</p> <p>Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m</p>	<p>Building New Homes in Farm Lane - Procurement Strategy and Budget Request</p> <p>Budget request for the Farm Lane development and the procurement strategy for procuring a mains works contractor.</p>	<p>Cabinet Member for the Economy</p> <p>Ward(s): Lillie</p> <p>Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or

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				background papers to be considered.
CABINET - 17 April 2023				
Cabinet	17 Apr 2023	Schools' Capital Strategy and Budget 2023-26 This report seeks budget approval for the schools' capital programme for 2023-2026.	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards	
			Contact officer: Anthony Mugan Anthony.Mugan@lbhf.gov.uk	
Cabinet	17 Apr 2023	Community Schools Programme decant works and mobilisation The report seeks budget approval for refurbishment works at the Lena Gardens and Mund Street sites that are intended to be be decant locations for the Community Schools Programme	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Budg/pol framework		Ward(s): All Wards	
			Contact officer: Daryle Mathurin, Anthony Mugan Tel: 07816 661199, Daryle.Mathurin@lbhf.gov.uk Anthony.Mugan@lbhf.gov.uk	
Cabinet	17 Apr 2023	2022/23 Corporate Revenue Monitor - Month 9 (December 2022) To give an update on forecast outturn position in line with financial regulations and to request budget virements if required.	Cabinet Member for Finance and Reform	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any
	Reason: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Elizabeth Nash Tel: 020 8753 2567	

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			Elizabeth.Nash@lbhf.gov.uk	supporting documentation and / or background papers to be considered.
Cabinet	17 Apr 2023	2022 Corporate Revenue Monitor - Month 9 (December 2022) To note the in year financial position as at Month 9 (December 2022) for the General Fund and HRA.	Cabinet Member for Finance and Reform	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Andre Mark Tel: 020 8753 7227 andre.mark@lbhf.gov.uk	
Cabinet	17 Apr 2023	Fixed Penalty Notices to be issued by LET team Update to several of the existing amounts	Cabinet Member for Public Realm	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Mohammed Basith Mohammed.Basith@lbhf.gov.uk	
Cabinet	17 Apr 2023	Building New Homes and Community Hall on Lillie Road the budget request report for the Lillie Road project	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any
	Reason: Expenditure/Income above £300K - Revenue up to £500k		Ward(s): Lillie Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	

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	and Capital up to 1.5m			supporting documentation and / or background papers to be considered.
Cabinet	17 Apr 2023	Lillie Road - Construction Contractor Procurement Strategy Construction Contractor Procurement Strategy	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Lillie	
			Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	
Cabinet	17 Apr 2023	Procurement strategy for Town Hall catering operation. This report seeks approval of the procurement strategy for appointing catering operators to provide catering and hospitality for the newly refurbished Town Hall. The procurement strategy will cover catering for events in the Town Hall, the operation of a café/bar on the sixth floor, and the option of including the new café on the Civic Campus.	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards	
			Contact officer: Philippa Cartwright, Denise McEnery Philippa.Cartwright@lbhf.gov.uk, Denise.McEnery@lbhf.gov.uk	
Cabinet	17 Apr 2023	Network and telephony provision Procurement of network links and associated services plus telephony (e.g. phone and alarm lines)	Cabinet Member for the Economy	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any
	Reason: Expenditure/Income over £5m & policies or new income,		Ward(s): All Wards	
			Contact officer: David Wadham Tel: 07776 672 392 david.wadham@lbhf.gov.uk	

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	reserves use, overspend over £300K			supporting documentation and / or background papers to be considered.

CABINET - 15 May 2023

Cabinet	15 May 2023	Procurement Strategy for Mental Health Supported Housing	Deputy Leader	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	Procurement strategy for our mental health supported housing in borough contracts.	Ward(s): All Wards	
		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.	Contact officer: Michele Roberts Tel: 020 8834 4734 Michele.Roberts@lbhf.gov.uk	

CABINET - 5 June 2023

Cabinet	5 Jun 2023	School Organisation and Sufficiency Review	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Budg/pol framework	The report summarises projected numbers of pupils on roll and makes recommendations on school organisation	Ward(s): All Wards	
			Contact officer: Anthony Mugan Anthony.Mugan@lbhf.gov.uk	