COUNCIL AGENDA

BUDGET COUNCIL MEETING

Thursday 23 February 2023

The Mayor – Councillor Emma Apthorp
Deputy Mayor – Councillor Daryl Brown

ADDISON

Jacolyn Daly (L)
Ross Melton (L)

AVONMORE

Laura Janes (L)
David Morton (L)

BROOK GREEN

Stala Antoniades (L)
Adam Peter Lang (L)

COLLEGE PARK & OLD OAK

Wesley Harcourt (L)
Bora Kwon (L)
Alexandra Sanderson (L)

CONINGHAM

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

FULHAM REACH

Lucy Richardson (L)
Omid Miri (L)
Nikos Souslous (L)

FULHAM TOWN

Victoria Brocklebank-Fowler (C)
Andrew Dinsmore (C)

GROVE

Stephen Cowan (L)
Helen Rowbottom (L)

HAMMERSMITH BROADWAY

Emma Apthorp (L)
Patricia Quigley (L)

LILLIE

Ben Coleman (L)
Sharon Holder (L)

MUNSTER

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

PALACE & HURLINGHAM

Aliya Afzal-Khan (C)
Jackie Borland (C)
Amanda Lloyd-Harris (C)

PARSONS GREEN & SANDFORD

Jose Afonso (C)
Adrian Pascu-Tulbure (C)

RAVENSCOURT

Liz Collins (L)
Patrick Walsh (L)

SANDS END

Paul Alexander (L)
Ashok Patel (L)
Ann Rosenberg (L)

SHEPHERDS BUSH GREEN

Zarar Qayyum (L)
Mercy Umeh (L)

WALHAM GREEN

Trey Campbell-Simon (L)
Genevieve Nwaogbe (L)

WENDELL PARK

Rebecca Harvey (L)
Asif Siddique (L)

WEST KENSINGTON

Daryl Brown (L)
Florian Chevoppe-Verdier (L)
Sally Taylor (L)

WHITE CITY

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

WORMHOLT

Max Schmid (L)
Nicole Trehy (L)

SUMMONS

Councillors of the London Borough of
Hammersmith & Fulham
are requested to attend the
Budget Meeting of the Council on
Thursday 23 February 2023
at 3 Shortlands, W6 8DA

The Council will meet at 7.00pm

14 February 2023
3 Shortlands
Hammersmith, W6 8DA

Sharon Lea
Interim Chief Executive

London Borough of Hammersmith & Fulham

Full Council Agenda

23 February 2023

Item		**Pages**
1.	**APOLOGIES FOR ABSENCE**	
2.	**DECLARATIONS OF INTERESTS**	

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

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

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

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

3.	**MINUTES**	7 - 24

To approve the minutes of the meeting held on 18 January 2023.

4.	**MAYOR'S/CHIEF EXECUTIVE'S ANNOUNCEMENTS**	
5.	**PUBLIC QUESTIONS (20 MINUTES)**	25 - 28

The Leader/relevant Cabinet Member to reply to questions submitted by members of the public.

6.	**ITEMS FOR DISCUSSION/COMMITTEE REPORTS**	PTO

COUNCIL MINUTES

ORDINARY COUNCIL MEETING

WEDNESDAY 18 JANUARY 2023

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

PRESENT

The Mayor – Councillor Emma Apthorp
Deputy Mayor – Councillor Daryl Brown

Councillors:

Jose Afonso
Aliya Afzal-Khan
Paul Alexander
Adronie Alford
Stala Antoniades
Jackie Borland
Victoria Brocklebank-Fowler
Trey Campbell-Simon
Florian Chevoppe-Verdier
Ben Coleman
Liz Collins
Stephen Cowan
Jacolyn Daly
Andrew Dinsmore
Wesley Harcourt
Rebecca Harvey
Sharon Holder
Lisa Homan
Laura Janes
Andrew Jones
Alex Karmel
Bora Kwon
Adam Peter Lang
Ross Melton
Omid Miri
David Morton
Genevieve Nwaogbe
Adrian Pascu-Tulbure
Ashok Patel
Natalia Perez
Zarar Qayyum
Patricia Quigley
Rowan Ree
Lucy Richardson
Helen Rowbottom
Alex Sanderson
Asif Siddique
Nikos Souslous
Dominic Stanton
Nicole Trehy
Frances Umeh
Mercy Umeh
Rory Vaughan
Patrick Walsh

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Sally Taylor, Max Schmid, Amanda Lloyd-Harris, and Ann Rosenberg.

Apologies for lateness were received from Councillors Andrew Jones, Laura Janes, and Trey Campbell-Simon.

Councillor Patricia Quigley attended the meeting remotely.

2. DECLARATIONS OF INTERESTS

Councillor Rory Vaughan declared non-pecuniary interests in Special Motions 3 and 7 due to his employment as a financial regulator and left the room for the debates and votes on those motions.

Councillors Adronie Alford and Alex Karmel declared non-pecuniary interests in Special Motion 7 as deferred members of the LBHF pension scheme. The Councillors considered that this did not give rise to a perception of a conflict of interests, and it would be reasonable to participate in the debates and votes on the motions.

Councillor Jackie Borland declared a non-pecuniary interest in Special Motion 2 as the director of a company which owned LBHF leasehold property. Councillor Borland considered that this did not give rise to a perception of a conflict of interests, and it would be reasonable to participate in the debate and vote on the motion.

Councillor Dominic Stanton declared a non-pecuniary interest in Special Motion 2 as a resident of a property where LBHF was the freeholder. Councillor Stanton considered that this did not give rise to a perception of a conflict of interests, and it would be reasonable to participate in the debate and vote on the motion.

3. MINUTES

Councillor Rory Vaughan noted that the following declaration made at the previous meeting was missing from the minutes and asked that it be added under Declarations of Interests:

"Councillor Rory Vaughan declared non-pecuniary interests in Special Motions 5, 6, and 9 due to his employment as a financial regulator and left the room for the debate and voting on those items."

7.07pm – With the amendment noted above, the minutes of the Full Council meeting held on 19 October 2022 were agreed as an accurate record.

4. MAYOR'S/CHIEF EXECUTIVE'S ANNOUNCEMENTS

Death of Honorary Freeman George Cohen MBE

The Mayor noted, with great sadness, the death of Honorary Freeman George Cohen MBE who passed away on 23 December 2022.

The Leader, Councillor Stephen Cowan, and Councillor Alex Karmel made speeches of remembrance.

The Council then observed a minute of silence in his memory.

5. PUBLIC QUESTIONS (20 MINUTES)

The Mayor thanked the residents who submitted questions. Questions 1 and 2 were addressed in the meeting. The Mayor explained that any questions not addressed in the meeting would receive written responses. All questions and responses can be found in Appendix 1.

6. ITEMS FOR DISCUSSION/COMMITTEE REPORTS

6.1 Council Tax Support Scheme 2023/24

7.28pm – The report and recommendations were formally moved for adoption by the Cabinet Member for Finance and Reform, Councillor Rowan Ree.

Speeches on the report were made by Councillors Ree and Daly (for the Administration).

The report and recommendations were put to the vote:

FOR	**UNANIMOUS**
AGAINST	0
NOT VOTING	0

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

7.37pm – RESOLVED:

That Full Council agreed:

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.

6.2 Council Tax Base and Collection 2023/24 and Delegation of the Business Rates Estimate

7.37pm – The report and recommendations were formally moved for adoption by the Cabinet Member for Finance and Reform, Councillor Rowan Ree.

The report and recommendations were then put to the vote:

FOR	**UNANIMOUS**
AGAINST	0
NOT VOTING	0

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

7.38pm – RESOLVED:

1. That Full Council approved the following for the financial year 2023/24:

    a. The estimated numbers of properties for each Valuation Band as set out in the 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.

6.3 **Review of the Constitution**

7.38pm – The report and recommendations were formally moved for adoption by the Cabinet Member for Finance and Reform, Councillor Rowan Ree.

The report and recommendations were then put to the vote:

FOR	**UNANIMOUS**
AGAINST	0
NOT VOTING	0

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

7.38pm – RESOLVED:

1. That Full Council approved the revisions to the Constitution listed in the report.

2. That Full Council approved the updates terms of reference for the North West London Joint Health Overview and Scrutiny Committee attached at Appendix 1 to the report.

3. That Full Council noted the amendment to the responsibilities of the Assistant Director, Legal Services.

6.4 **Council Calendar of Meetings 2023/24**

7.38pm – The report and recommendations were formally moved for adoption by the Cabinet Member for Finance and Reform, Councillor Rowan Ree.

The report and recommendations were then put to the vote:

FOR	**UNANIMOUS**
AGAINST	0
NOT VOTING	0

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

7.38pm – RESOLVED:

1. That the 2023/24 Council calendar of meetings at Appendix 1 be approved.

7. SPECIAL MOTIONS

7.39pm – Councillor Genevieve Nwaogbe moved, seconded by Councillor Patrick Walsh, a motion under Standing Order 15(e)3 to change the order of the special motions as follows: 3, 4, 5, 6, 7, 1, 2.

The motion was then put to the vote:

FOR	**33**
AGAINST	9
NOT VOTING	1

The motion was declared **CARRIED**.

7.3 Special Motion 3 - Liz Truss

7.40pm – Councillor Nicole Trehy moved, seconded by Genevieve Nwaogbe, the special motion in their names:

"The Council notes that the Resolution Foundation has calculated that the Truss Conservative government was responsible for causing at least £30bn of the fiscal hole now in the UK's finances.

The Council calls on all the Conservative members who voted to make Liz Truss the Conservative Party leader and UK Prime Minister, and the Conservative MPs who served in her administration as ministers, to apologise for damaging Britain and wreaking havoc on Hammersmith & Fulham's residents and businesses."

Speeches on the motion were made by Councillors Trehy (who made her maiden speech), Lang, Miri, and Coleman (for the Administration) – and Pascu-Tulbure, Karmel, and Dinsmore (for the Opposition).

Councillor Trehy made a short speech winding up the debate before the motion was put to the vote:

FOR	**33**
AGAINST	9
NOT VOTING	1

I declare the motion **CARRIED**.

8.10pm – RESOLVED:

The Council notes that the Resolution Foundation has calculated that the Truss Conservative government was responsible for causing at least £30bn of the fiscal hole now in the UK's finances.

The Council calls on all the Conservative members who voted to make Liz Truss the Conservative Party leader and UK Prime Minister, and the Conservative MPs who served in her administration as ministers, to apologise for damaging Britain and wreaking havoc on Hammersmith & Fulham's residents and businesses.

“Councillor Rory Vaughan declared non-pecuniary interests in the Special Motion due to his employment as a financial regulator and left the room for the debate”.

7.4 **Special Motion 4 - The crisis in the NHS and the importance of having saved Charing Cross Hospital**

8.10pm – Councillor Ben Coleman moved, seconded by Councillor Patricia Quigley, the special motion in their names:

“This Council:

Deplores the crisis in the NHS.

Notes that the underlying causes of the crisis are not new and are the result of political choices made in the name of the Conservative government’s ideologically-driven austerity programme.

Notes that by 2010, the Labour government had reduced NHS waiting lists to 2.5m but that waiting lists rose to 4.4m over the next 10 years under the Conservative government, which included Greg Hands as Chief Secretary to Treasury.

Notes that since 2010, the government’s limited increases in funding for the NHS have failed to keep pace with the growth in demand from a rapidly ageing and ailing population.

Notes that the UK now has a lower overall health spend than comparable countries and that a lack of investment in recruitment, training and buildings has resulted in fewer doctors, nurses, beds and intensive care places per head of population than in comparable countries – for example, the UK has just a third of hospital beds by population of Germany.

Regrets that this meant the NHS entered Covid in a weaker state than comparable countries, with an existing shortage of beds and equipment and a 4.4m waiting list.

Notes that, as a Financial Times analyst put it on 23 December 2022, “The effects of the Conservative austerity programme during the Cameron-Osborne years have been steadily accumulating over the past decade, but this winter that trickle has become a torrent.”

Recalls the findings of the 2010 Marmot Review that the lower people’s social and economic status, the poorer their health, and that health is affected by “social determinants” such as housing, income, education, social isolation and disability.

Notes that the Conservative government, aided and abetted by Greg Hands while Chief Secretary to the Treasury, reduced benefits, introduced the bedroom tax, cut rent subsidy (increasing overcrowding and making families take children out of school and move away), cut councils’ funding, neglected social care, reduced the funding available for social housing and instigated a myriad of other damaging measures which made people poorer and less healthy.

Notes that real wages have now fallen to less than where they were 18 years ago, and that life expectancy is lower than in most other developed countries and avoidable mortality higher than in these.

Notes the essential role played by Charing Cross Hospital during the Covid crisis and the huge challenges facing the hospital now, and thanks its dedicated doctors, nurses and support staff for their ongoing care for H&F residents.

Notes that Charing Cross Hospital would not be able to play its essential role if the destructive plans signed off by the Conservative Health Secretary and supported by Conservative politicians in Hammersmith, Fulham and Chelsea had been realised to:

- *Demolish the hospital and sell off most of the site*
- *Replace the hospital with a series of clinics on a site no more than 13% the size*
- *Re-brand these clinics as a "local hospital"*
- *Replace the A&E with an urgent care clinic*
- *Lose more than 300, and possibly all, acute care beds.*

Welcomes the success of the campaign by H&F Labour Council and residents to save Charing Cross Hospital.

Highlights the Council's excellent record of timely discharge of patients from hospitals across North West London with suitable care in place.

Highlights the crucial role played by the Council's "reablement" service in helping people who leave hospital to regain their independence, making future hospital care less likely.

Congratulates the reablement service for achieving the very highest Care Quality Commission rating of Outstanding in three inspections in a row, and notes the extra difficulty of achieving such a rating in such tough times, when the demand for NHS and social care is at its highest.

Urges the government to apologise for the crisis into which it has driven the NHS and to call a general election so that the country can vote for a change of government."

Speeches on the motion were made by Councillors Coleman, Quigley, Vaughan, Perez, Souslous (for the Administration) – and Councillors Borland and Afonso (for the Opposition).

Councillor Coleman made a speech winding up the debate before the motion was put to the vote:

FOR	**33**
AGAINST	9
NOT VOTING	1

The motion was declared **CARRIED**.

8.51pm – RESOLVED:

This Council:

Deplores the crisis in the NHS.

Notes that the underlying causes of the crisis are not new and are the result of political choices made in the name of the Conservative government's ideologically-driven austerity programme.

Notes that by 2010, the Labour government had reduced NHS waiting lists to 2.5m but that waiting lists rose to 4.4m over the next 10 years under the Conservative government, which included Greg Hands as Chief Secretary to Treasury.

Notes that since 2010, the government's limited increases in funding for the NHS have failed to keep pace with the growth in demand from a rapidly ageing and ailing population.

Notes that the UK now has a lower overall health spend than comparable countries and that a lack of investment in recruitment, training and buildings has resulted in fewer doctors, nurses, beds and intensive care places per head of population than in comparable countries – for example, the UK has just a third of hospital beds by population of Germany.

Regrets that this meant the NHS entered Covid in a weaker state than comparable countries, with an existing shortage of beds and equipment and a 4.4m waiting list.

Notes that, as a Financial Times analyst put it on 23 December 2022, "The effects of the Conservative austerity programme during the Cameron-Osborne years have been steadily accumulating over the past decade, but this winter that trickle has become a torrent."

Recalls the findings of the 2010 Marmot Review that the lower people's social and economic status, the poorer their health, and that health is affected by "social determinants" such as housing, income, education, social isolation and disability.

Notes that the Conservative government, aided and abetted by Greg Hands while Chief Secretary to the Treasury, reduced benefits, introduced the bedroom tax, cut rent subsidy (increasing overcrowding and making families take children out of school and move away), cut councils' funding, neglected social care, reduced the funding available for social housing and instigated a myriad of other damaging measures which made people poorer and less healthy.

Notes that real wages have now fallen to less than where they were 18 years ago, and that life expectancy is lower than in most other developed countries and avoidable mortality higher than in these.

Notes the essential role played by Charing Cross Hospital during the Covid crisis and the huge challenges facing the hospital now, and thanks its dedicated doctors, nurses and support staff for their ongoing care for H&F residents.

Notes that Charing Cross Hospital would not be able to play its essential role if the destructive plans signed off by the Conservative Health Secretary and supported by Conservative politicians in Hammersmith, Fulham and Chelsea had been realised to:

- Demolish the hospital and sell off most of the site
- Replace the hospital with a series of clinics on a site no more than 13% the size
- Re-brand these clinics as a “local hospital”
- Replace the A&E with an urgent care clinic
- Lose more than 300, and possibly all, acute care beds.

Welcomes the success of the campaign by H&F Labour Council and residents to save Charing Cross Hospital.

Highlights the Council’s excellent record of timely discharge of patients from hospitals across North West London with suitable care in place.

Highlights the crucial role played by the Council’s “reablement” service in helping people who leave hospital to regain their independence, making future hospital care less likely.

Congratulates the reablement service for achieving the very highest Care Quality Commission rating of Outstanding in three inspections in a row, and notes the extra difficulty of achieving such a rating in such tough times, when the demand for NHS and social care is at its highest.

Urges the government to apologise for the crisis into which it has driven the NHS and to call a general election so that the country can vote for a change of government.

7.5 **Special Motion 5 - The Conservative government’s failing justice system**

8.51pm – Councillor Rebecca Harvey moved, seconded by Councillor Lisa Homan, the special motion in their names:

“The Council is deeply concerned that crime is rising nationally.

- *Police-recorded violence is up 13% from nearly 1.8 million cases to more than 2 million in 2021.*
- *Increases have been seen across most crime types, with levels of some, such as sexual offences, now exceeding pre-pandemic levels.*
- *Sexual offences have increased by 32% compared with the previous year.*
- *A similar pattern exists for most violent crime types, such as homicide, which up by 25% following a 20% fall the previous year.*
- *37% of sexual offences recorded are rape and more rape is being reported, yet according to the Victims Commissioner for England and Wales the number of prosecutions has fallen nearly 60%.*

The Council is concerned that there are insufficient police due to the government’s ideological programme of austerity.

The Council notes that there is a disastrous court backlog of cases waiting to be heard, with closures of courts and underfunding of the criminal justice system, court buildings in disrepair and court estates being sold off when there is clearly a need for them. Criminal trials are being delayed due to lack of barristers to prosecute and defend the cases.

The Council supports the proactive measures that Hammersmith & Fulham's Labour administration has taken to mitigate the damaging performance of the Conservative government on crime and make our streets safer. These include:

- *Investing £5.5 million on CCTV to improve and grow the borough's 24/7 network of CCTV cameras over the next five years*
- *Creating the country's largest council Law Enforcement Team, with 72 LET officers who are working to make our streets safer*
- *Investing in a specialised Gangs Unit dedicated to safeguarding children and young people*
- *Engaging dedicated officers to support women and girls.*

The Council recognises the dedication and the effectiveness of its Community Safety and Law Enforcement Teams in working to make residents safer.

The Council calls on the Conservative government to fund the police and criminal justice system properly so that residents and those that come to work in and visit Hammersmith and Fulham feel safe and protected."

Speeches on the motion were made by Councillors Harvey, Homan, Patel, and Cowan (for the Administration) – and Councillors Afonso and Dinsmore (for the Opposition).

Councillor Harvey then made a speech winding up the debate before the motion was put to the vote:

FOR	**33**
AGAINST	9
NOT VOTING	1

The motion was declared **CARRIED**.

9.24pm – RESOLVED:

The Council is deeply concerned that crime is rising nationally.

- Police-recorded violence is up 13% from nearly 1.8 million cases to more than 2 million in 2021.
- Increases have been seen across most crime types, with levels of some, such as sexual offences, now exceeding pre-pandemic levels.
- Sexual offences have increased by 32% compared with the previous year.
- A similar pattern exists for most violent crime types, such as homicide, which up by 25% following a 20% fall the previous year.
- 37% of sexual offences recorded are rape and more rape is being reported, yet according to the Victims Commissioner for England and Wales the number of prosecutions has fallen nearly 60%.

The Council is concerned that there are insufficient police due to the government's ideological programme of austerity.

The Council notes that there is a disastrous court backlog of cases waiting to be heard, with closures of courts and underfunding of the criminal justice system, court buildings in disrepair and court estates being sold off when there is clearly a need for them. Criminal trials are being delayed due to lack of barristers to prosecute and defend the cases.

The Council supports the proactive measures that Hammersmith & Fulham's Labour administration has taken to mitigate the damaging performance of the Conservative government on crime and make our streets safer. These include:

- Investing £5.5 million on CCTV to improve and grow the borough's 24/7 network of CCTV cameras over the next five years
- Creating the country's largest council Law Enforcement Team, with 72 LET officers who are working to make our streets safer
- Investing in a specialised Gangs Unit dedicated to safeguarding children and young people
- Engaging dedicated officers to support women and girls.

The Council recognises the dedication and the effectiveness of its Community Safety and Law Enforcement Teams in working to make residents safer.

The Council calls on the Conservative government to fund the police and criminal justice system properly so that residents and those that come to work in and visit Hammersmith and Fulham feel safe and protected.

7.6 **Special Motion 6 - Risk to voting rights from Conservative photo identification requirement**

9.24pm – Councillor Bora Kwon moved, seconded by Councillor Patrick Walsh, the special motion in their names:

"The Council regrets the Conservative government's hurried plans to introduce photo identification for voters in national and local elections from May 2023 this year.

In a country where there is no existing form of compulsory identity documentation, imposing such a demand will be a barrier to participation in democracy for those who are not in possession of a passport or driving licence, both of which cost money to apply for and obtain. The move in particular imposes restrictions on, and disenfranchises, younger voters, who are less likely to have a qualifying photo ID.

Given the delays and long wait times to obtain passports due to shocking delays at the Home Office, the Council also has serious concerns about the Home Office's ability to put in place and run an alternative photo ID scheme. The shameful experiences of the Windrush generation show what can happen when we take for granted the ability of the Home Office to maintain accurate records on identity of this country's citizens.

The proposed requirement for photo ID will impose demands on council officers and public officials who run elections and may lead to valid voters across the country being turned away from the polling stations and denied their right to vote.

The extra burden on officers presiding over elections will also push up costs at a time when local government budgets are under unprecedented pressure.

The Council notes that elections in this country are very well run, with extremely low levels of voter fraud, and that public confidence in the process is high. The borough of Hammersmith and Fulham has an extremely efficient, well-regarded elections team.

Should the scheme come in, the Council commits to taking every step to ensure that all Hammersmith & Fulham residents entitled to vote are able to in future local and national elections.

Rather than putting up barriers to democracy, the government should be encouraging participation in the democratic process. The Council therefore calls on the government to scrap its proposed voter identification scheme."

Speeches on the motion were made by Councillors Kwon, Walsh, Holder, Chevoppe-Verdier, and Jones (for the Administration) – and Councillors Brocklebank-Fowler and Karmel (for the Opposition).

Councillor Kwon then made a short speech winding up the debate as the guillotine fell. The motion was then put to the vote:

FOR	**33**
AGAINST	9
NOT VOTING	1

The motion was declared **CARRIED**.

10.05pm – RESOLVED:

The Council regrets the Conservative government's hurried plans to introduce photo identification for voters in national and local elections from May 2023 this year.

In a country where there is no existing form of compulsory identity documentation, imposing such a demand will be a barrier to participation in democracy for those who are not in possession of a passport or driving licence, both of which cost money to apply for and obtain. The move in particular imposes restrictions on, and disenfranchises, younger voters, who are less likely to have a qualifying photo ID.

Given the delays and long wait times to obtain passports due to shocking delays at the Home Office, the Council also has serious concerns about the Home Office's ability to put in place and run an alternative photo ID scheme. The shameful experiences of the Windrush generation show what can happen when we take for granted the ability of the Home Office to maintain accurate records on identity of this country's citizens.

The proposed requirement for photo ID will impose demands on council officers and public officials who run elections and may lead to valid voters across the country being turned away from the polling stations and denied their right to vote.

The extra burden on officers presiding over elections will also push up costs at a time when local government budgets are under unprecedented pressure.

The Council notes that elections in this country are very well run, with extremely low levels of voter fraud, and that public confidence in the process is high. The borough of Hammersmith and Fulham has an extremely efficient, well-regarded elections team.

Should the scheme come in, the Council commits to taking every step to ensure that all Hammersmith & Fulham residents entitled to vote are able to in future local and national elections.

Rather than putting up barriers to democracy, the government should be encouraging participation in the democratic process. The Council therefore calls on the government to scrap its proposed voter identification scheme.

7.7 **Special Motion 7 - Hammersmith & Fulham Pension Fund**

The special motion was withdrawn.

7.1 **Special Motion 1 - Tackling Violent Crime**

The special motion was withdrawn.

7.2 **Special Motion 2 - The Housing Department**

The special motion was withdrawn.

Meeting started: 7.04 pm
Meeting ended: 10.06 pm

Mayor ....

Appendix 1 – Public Questions and Responses

Question 1

From: Casey Abaraonye, Resident

To: The Cabinet Member for Public Realm / The Cabinet Member for Climate Change and Ecology

Question: “The Council is proposing to introduce Clean Air Neighbourhoods and we cannot welcome this initiative enough. We are aware that to improve our environment we need to reclaim the way it has been ceded to motor vehicles and their use, and that now, planning around our public space starts from the influence of and impact on the motor vehicle.

Clean Air Neighbourhoods are part of the approach to address this. In order to take an overall approach to the many components of the part vehicles play in our environment, what is the council's transport strategy?”

Response from the Cabinet Member for Public Realm:

The Councils Transport Plan is set out in the second Local Implementation Plan LIP3 2019-2041 which outlines the borough transport objectives and delivery plan. The recently approved Clean Air Neighbourhoods programme is a borough wide initiative which seeks to integrate workstreams from across the Council, including the Transport Plan, to delivery an ambitious programme of 14 areas over the next 2 years.

The outline programme was agreed by Cabinet in November 2022 which has been further developed with a phased approach to the delivery process. At its heart, a Clean Air Neighbourhood is a comprehensive Public Health initiative with the ambition of reducing many of the impacts of poor air quality and improving the health of residents.

During the first phase of developing Clean Air Neighbourhoods, the Council will seek to make many neighbourhood-level public realm improvements, including but not limited to:

- Introduction of additional street trees and greening with native species to encourage biodiversity
- Flood mitigation measures
- Parklets / pocket parks
- Reducing the impact of out-of-borough traffic (initially on an experimental basis)
- Consideration for reducing the air quality impact of PM2.5 emissions from wood burning stoves
- Localised walking and cycling improvements
- Tackling energy and heating demand

This approach will enable us to deliver a more holistic transport strategy for the borough and work towards our goal of achieving net-zero carbon from travel transport by 2030.

Question 2

From: Caroline Shuffrey, Resident

To: The Leader of the Council

Question: "Despite the measures that the council have put in place, residents continue to be dropped away from their homes by Uber and minicab drivers, leaving women to walk home in the dark late at night and frail elderly or disabled residents in difficulty struggling to get home. Local minicab firms who are supposedly registered with the council send vehicles that are not allowed through the cameras. All private hire vehicles are licensed by TFL. Why is it not possible for LBHF to access this database to allow all private hire vehicles to cross the cameras without penalty?"

Response from the Cabinet Member for Public Realm:

I am grateful to the questioner for raising concerns about local minicab firms who are registered with the council sending vehicles that are not exempt. This should not be happening, and I have asked the Clean Air Neighbourhood team to recontact these local firms and fully update their vehicle details.

Black cabs continue to be exempt. With regard to the ride hailing firms, we are pleased that Uber and Bolt have recently upgraded their satnav systems but appreciate there is more work to be done to educate drivers. We are meeting with these companies regularly and urging them to adopt a technical solution which would automatically exempt those vehicles doing pick-ups and drop-offs in South Fulham. We have also made it clear that any of these drivers who receive penalty charge notices will be entitled to have those fines rescinded on providing the evidence of their trip involving residents.

We cannot give blanket access to all private hire vehicles as they account for a large proportion of the out of borough traffic that uses residential streets as cut throughs and to do so would wholly undermine our clean air ambitions.

Question 3

From: Donald Grant, Resident

To: The Leader of the Council

Question: "The Leader has recently been expressing support for small businesses in LBHF. Around 160 businesses affected by the second LTN traffic camera scheme in Fulham signed a letter objecting to it. However business rates go to the Government, whilst fines from the LTNs go to LBHF. Is this why the Leader supports LTNs more than he supports small local businesses?"

Response from the Cabinet Member for Public Realm:

For clarity, there are no LTNs in Hammersmith & Fulham. What we do have is a pioneering Industrial Strategy in partnership with Imperial College London and ambitious plans to redevelop the borough's high streets as thriving destination places and community hubs, inspiring the next generation of thriving SMEs through new affordable, flexible office spaces and pop-ups. We are immensely proud of how we are delivering the best new jobs and start-ups with an economic strategy that is transforming H&F into a global hotspot offering the best opportunities in life.

We are also, working with businesses as part of the Clean Air Neighbourhood pro-gramme, which remains a key aspect of our consultation process in South Fulham that does not end until January 2024.

Question 4

From: W. Benedict Nightingale, Resident

To: The Leader of the Council

Question: “How do you justify the instruction, enshrined in a new yellow sign, to visitors driving on the eastward section of the New Kings Road to make a circuitous way to Wandsworth Bridge and Wandsworth Bridge Road via Putney Bridge and Putney itself instead of using Broomhouse Lane or Peterborough Road, two link roads now barricaded by traffic cameras?”

Response from the Cabinet Member for Public Realm:

All out of borough visitors can access the whole Clean Air Neighbourhood without going through a camera either by entering and exiting via New Kings Road or by entering and exiting via Wandsworth Bridge Road. They can also be granted access through the cameras by residents using the visitor permit system.

The scheme is designed to prevent out of borough motorists who are not stopping to visit friends or family or to go shopping, and motorist using residential side streets as cut throughs.

London’s Strategic Road Network was designed for no right turn from the west into Wandsworth Bridge Road, as it wants traffic heading south over the bridges in the area to use Putney. (Similarly, there is no right turn from NKR heading east up the Ful-ham Palace Road, as the Strategic Road Network wants people heading north to use North End Road.)

The advent of satnavs over recent years has resulted in a huge increase in the use of residential side streets such as Studdridge Street and Perrymead Street as cut throughs by non-local traffic causing significant air pollution and congestion. We are attempting to reverse this.

The trial aims to encourage non-H&F motorists to use the roads as they are designed. As the trial embeds, we will give consideration to any changes that can be made to improve it. Any consideration of changes to the New Kings Road/ Wandsworth Bridge Road would require approval from Transport for London, as the capital's strategic transport authority.

Question 5

From: Anthony Llewelyn-Davies, Resident

To: The Leader of the Council

Question: "When will Ringo become user friendly for the South Fulham 'clean air zone', showing what is asked for rather than 1 minute and be easily 'findable' on the App?"

Response from the Cabinet Member for Public Realm:

I am sorry to hear that you have been having problems using the RingGo app to register vehicles for the South Fulham Clean Air Neighbourhood. We are continuously working with RingGo to improve the app adding new features and most importantly seeking to improve the user experience. We will pass your concern to the team working with RingGo.

Full Council Public Questions – 23 February 2023

Question 1
From: Andrew Pendleton, Resident
To: Cabinet Member for Public Realm

"I really welcome the new clean air neighbourhoods initiative as air pollution is a massive tax on our health and well-being, but this only deals with curbing out of borough traffic. What plans does the council have for measures to deter local traffic and encourage healthier, cheaper and more climate friendly alternatives to driving in the borough."

Question 2
From: Calum Wyllie, Resident
To: Cabinet Member for Public Realm

"To thank the council for the successful implementation of the South Fulham Clean Air Neighbourhood project, which has been a great success in terms of reducing rat-running, pollution & noise on quiet residential backstreets, and to ask for further provision to be made to encourage cycling, walking, and alternative modes of transport across the borough."

Question 3
From: Clair Gordon, Resident
To: The Leader of the Council

"Thanks to the CAN the side roads are beautifully quiet, but WBR remains as busy as ever. What measures are the Council going to take to reduce the volume of vehicles on WBR to provide a less polluted environment on our local high street and surrounding areas, as pollution travels?"

Question 4
From: Natalie Lindsay, Resident
To: The Leader of the Council

"Research last week indicated that 70% of pm2.5 can be traced to wood-burning stoves and traces of arsenic are also increasingly found in our air due to wood-burning. There are unfortunately plenty of houses in the borough with these and households tend to use them on cold still evenings which is precisely the worst time for air pollution. What measures are the Council taking to educate residents on the danger of these and can the council compel households not to use them?"

Question 5
From: Jonathan Goater, Resident
To: The Leader of the Council

"The trial Clean Air Neighbourhood in SW6 is a truely pioneering initiative with great potential that is expandable both across the borough and also elsewhere within London.

Can the council please:
1. Share the intended timetable for expansion of CANs within the borough
2. Identify any other boroughs that are considering the LBHF CAN model for their own improvement?"

Question 6
From: Gary Fannin, Resident
To: The Deputy Leader

“With the introduction of the Clean Air Neighbourhood there are now cameras to the east and west of Wandsworth Bridge Road to prevent commuters cutting through these streets. I understand there are also additional cameras which are currently only monitoring traffic on other streets.

Can you confirm if there are any cameras on Wandsworth Bridge Road itself to monitor not only numbers of vehicles but ANPR cameras to enable better data in assessing the types of journeys of the volume of traffic using Wandsworth Bridge Road?”

Question 7
From: Amanda Stocker, Resident
To: The Leader of the Council

“Please could you provide concrete proof of how many voted for the Cleaner Greener Scheme around Wandsworth Bridge Road and could a new questionnaire be sent as people now have experienced the consequences of the scheme.”

Question 8
From: Vivienne Goldstein, Resident
To: The Leader of the Council

“Due to the South Fulham Camera Scheme, I am seeing great displacement of traffic all around the Fulham area which is causing just as much congestion and pollution if not more than previously. I am sure that if Hammersmith Bridge were open things would be much easier. Is it possible to open Imperial Road to ease traffic flow?”

Question 9
From: Janet Bolton, Business Owner
To: The Leader of the Council

“I run a shop on Wandsworth Bridge Road and since the traffic camera scheme to improve the affluent streets to the West went live, my takings have plummeted, similar to many neighbouring businesses on the Wandsworth Bridge Road. Thousands of out of borough members of the private Hurlingham Club now have an exemption to drive through a camera to use the shortest, least polluting route. Given his recent interest in local businesses, when will the Leader extend this and other help to the hundreds of traders who are suffering a loss from the new camera scheme?”

Question 10
From: Katerina Tanti, Resident
To: Cabinet Member for Climate Change and Ecology / Cabinet Member for Public Realm

“The recent extension to the cycle lane on Wandsworth Bridge Road pushes displaced traffic from the new camera scheme onto the main road from Wandsworth. The extended cycle lane makes it scary to cross over because cars turning left are now in a different lane to the right of cyclists, and the extra traffic jams have caused me and my family severe delays of over an hour and extra costs from taxis. How are Hammersmith & Fulham Council monitoring the increase in danger, journey time and pollution from their traffic scheme to the main road over Wandsworth Bridge before deciding if this disruption to many is worth it to improve the affluent streets for a few?”

Question 11
From: Caroline Brooman-White, Resident
To: The Leader of the Council

“I have received more pollution text alerts than usual this year from Hammersmith and Fulham but I see that the monitoring stations in the borough are in Hammersmith Town Centre and Shepherds Bush Green. The Traffic Officers’ prediction is that traffic would be displaced to Wandsworth Bridge Road when the experimental West camera scheme started. The Road does not have DEFRA approved pollution monitors along it. What are the Councillors plans to allow residents and businesses to get accurate and daily and historic readings of pollution on the Wandsworth Bridge Road.”

Question 12
From: Carol Lawson, Resident
To: The Leader of the Council

“The council has stated that residents wanted cameras to operate in the western LTN every day of the year for 24 hours a day. Which residents wanted this?

Question 13
From: Zornitsa Marinova, Resident
To: The Leader of the Council

"Could you please let me know why the Council has informed the LGSCO on case with their ref 22006363 that The Andover Arms pub (57 Aldensley Road, W6 0DL) had a Pavement Licence in 2021? It's clear from the public records on the Licencing section of the H&F website that it didn't, this is falsifying information."

Question 14
From: Jonathan Lawson, Resident
To: The Leader of the Council

"The council have promised a poll on the clean air zone to the west of Wandsworth Bridge Road. Will this poll cover the whole of Fulham?"

Question 15
From: Anna Maynard, Resident
To: Cabinet Member for Climate Change and Ecology

“Given the climate emergency and Hammersmith and Fulham Borough Council’s stated aim to reduce their emissions, will the Council consider committing to serving fully plant-based fare at any future catered meetings and events as other Councils have done? This will be a positive and forward-thinking step, bringing its food policy into line with other climate-aware policies. Thank you.”

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Full Council

Date: 23/02/2023

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 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

That Full 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.

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 £7.9m 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 £1.0m 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 base[1]. 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	1.0
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	(53.1)
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	**73.2**

[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.

precept)	

INFLATION, EMPLOYEE SPEND AND INVESTMENT

Inflation

10. Inflation has been consistently high during 2022/23 (reaching 10.5% in December 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.

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 £1.0m 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 December 2022 is 13.4%.

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 £7.9m 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:

Total Council Tax Requirement	=	£73,180,441	=	£871.86 Band D
Tax Base (Band D equivalent)		83,936		

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.

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

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**

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:

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

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

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

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**

Medium Term Financial Forecast	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s
General Fund Base Budget	**166,608**	**166,608**	**166,608**	**166,608**
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 fund	1,000			
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	**185,628**	**206,319**	**219,491**	**230,853**
RESOURCES				
Government:				
General grants (including new homes bonus)	(32,892)	(32,975)	(33,170)	(33,457)
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	**(185,628)**	**(187,637)**	**(190,101)**	**(192,691)**
Budget Gap	**0**	**18,682**	**29,390**	**38,162**

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**

Appendix C

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 dustance 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 contigency 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 (RSG)	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 allocated to departmental budgets outside core spending power below
Services grant		4,264	2,502	2023/24 LGFS, allocation to be decided for 2024/25
	34,869	**43,182**	**52,104**	
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 Revenue Grants	**36,919**	**45,232**	**53,090**	
Core Revenue Grants Excluding RSG	**19,413**	**27,186**	**32,892**	
Grants allocated to departmental budgets				
Within government core spending power				
Better care fund	9,732	10,027	10,027	2023/24 LGFS, 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, 2% uplift assumed
Supporting Families	805	805	TBC	Previously troubled families grant, 2023/24 allocation to be confirmed
War pensions disregard	12	12	12	2023/24 allocation to be confirmed, freeze assumed
Total Grants allocated to departmental budgets	**37,944**	**37,901**	**41,146**	
Year on year variance		**- 43**	**3,245**	

LGFS - Local Government Finance Settlement

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

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
ANIMAL LICENCES - Part A Application Fees							
Animal Boarding Establishments - dogs & cats (NEW)	£520.10	£530.50	£10.40	2%			For Part A, Council can only charge the fees set by City of London
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							Statutory fees unable to be influenced
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%			

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							
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%			
**Annual charge 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 (x2)	£640.00	£640.00	£0.00	0%			Statutory fees unable to be influenced
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%	**£556,800**	**£578,000**	
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
Schedule 6 - Permitted Temporary Activities, Personal Licences and Miscellaneous							
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%			
Schedule 7 - Additional Premises fees							
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%			
Schedule 8 - Temporary Events							
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)							
Adult Gaming Centre							
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%			
Family Entertainment Centre (++)							
Provisional Statement	£2,000.00	£2,000.00	£0.00	0%			
New Grant	£2,000.00	£2,000.00	£0.00	0%			
Fees							
Copy of a licence	£25.00	£25.00	£0.00	0%			
Minor changes	£50.00	£50.00	£0.00	0%			
ANNUAL FEES (PART B)							
Family Entertainment Centre (++)							
Annual	£750.00	£750.00	£0.00	0%			
Seasonal – per month	£150.00	£150.00	£0.00	0%			
GAMBLING REGULATION - PERMITS							
Prize Gaming Permit							
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%			
Family Entertainment Centre Permit							
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%			Statutory fees unable to be influenced
Copy	£15.00	£15.00	£0.00	0%			
Licensed Premises Notification (New)	£50.00	£50.00	£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
Licensed Premises Permit							
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%			
Club Gaming Permit							
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%			
Club Machine Permit							
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%			
Small Society Lottery Registration							
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) *(The max. fine of court proceedings is £1,000)*	£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) *(The max. fine of court proceedings is £1,000)*	£150.00	£150.00	£0.00	0%			

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

Mandatory HMO Licence					**£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%			
Non-mandatory HMO Licence							
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							
Additional Costs							
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) <u>and</u> 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%			
$10\text{-}40m^2$	1678.50	1678.50	£0.00	0%			
$40\text{-}60m^2$	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							
Per dwelling	268.60	268.60	£0.00	0%			
Flats (DOMF)							
1-10	805.60	805.60	£0.00	0%			
11 flats and over	Individually assessed fee quote	Individually assessed fee quote					
Houses (up to 300m2) (DOMH)							
1	973.50	973.50	£0.00	0%			
2	1779.10	1779.10	£0.00	0%			
3	2584.70	2584.70	£0.00	0%	**£686,000**	**£715,900**	Current charges are considered adequate to cover service provision costs
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%			
11 houses and over	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
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							
20% discount applied for charities. Officers can apply discretion over commercial discounts							
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

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
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							
Provision of General Highways Information	£389.30	£500.00	£110.70	↑ 28%	**£30,300**	**£33,300**	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.
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							
Intial 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							
The interment cost for residents' children up to 18 years of age are waived							
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							
The interment cost for residents' children up to 18 years of age are waived							
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

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: • 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: • 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).

<u>Social Care Investment Proposals</u>

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 careers 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.

<u>Corporate savings proposals</u>

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 characterises 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.

<u>Environment Savings</u>

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 final 2023/24 local government finance settlement (LGFS)

1. The final LGFS 2023/24 was published on 6 February 2023. 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	2,502
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**	**65,668**
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**	**202,716**

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 £4.8m[3] 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 £4.7m (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	**202.7**
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	**190.7**
Adjusted 2023/24 increase	**4.7**

[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 dedicted 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**

No.	Reserves - Cash Flow		Balance 31/3/22	2022/23	2023/24	2024/25	2025/26	Balance 31/3/26	Comments
			£000s	£000s	£000s	£000s	£000s	£000s	
c	**General balances**	Contributions	**20,405**	**2,890**				**23,295**	
		Drawdowns							
	Earmarked reserves	**Category**							
1	Civic Campus	Contributions	**5,497**		5617		1,300.00	**0**	Based on forecast cashflow end of Sept. £1.3m is latest profit share forecast.
		Drawdowns		-8624	-3790				
2	Contribution to local elections	Contributions	**417**	75	75	75	75	**317**	Budgeted contributions of £0.075m per annum. £0.400m drawdown modelled for 2022/23 to fund the local election. As of July 22, £343k has been incurred as spend. Still awaiting final print and other incidental costs to come through from suppliers but anticipate d/d before year end once final reconciliations confirmed by Head of Elections
		Drawdowns		-400					
3	Corporate demands and pressures	Contributions	**28,367**	6872				**24,510**	Budgeted contributions of £2.29m plus transfer of £4.582m from the reduction in the DSG High Needs Deficit (CRM2). Commitments include £2.5m for waste procurement and collection prototype, £1.8m for Hammersmith Bridge, £33k for Heathrow Appeal, £10k for Education City Development, £750k for Children's early help, £13k for School's engagement. In addition transfer of £5.6m to Civic Campus Reserve
		Drawdowns		-5112	-5617				
4	Efficiency Projects Reserve	Contributions	**1,981**	750	750	750	750	**1,634**	Current commitments are for the Resident Experience and Access Programme less use of
		Drawdowns		-1347	-2000				
5	Corporate/ IBC Development	Contributions	**1,260**					**1,260**	
		Drawdowns							
6		Contributions		800	800	800	800		

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	IT Enabling Fund	Drawdowns	**4,955**	-1200	-3900	-1800	0	**1,255**	Drawdowns include: * £1.8m for the Microsof Azure migration, moving to a cloud-based service. * £0.94m for a Land and Property based IT case management system * £3.7m for Modern Desktop Service and Tech-tonic 2 Device refresh with costs in 2023/24 and 2024/25. Costs exclude the HRA element and may need to be reprofiled based on any possible capitalisation. *£0.068m for Cyber Security Operation Centre
7	Unallocated contingency	Contributions	**1,570**					**700**	
		Drawdowns		-870					
8	Property Reserve	Contributions	**500**					**50**	Estimated use £150k per year, subject to confirmation from the Economy Dept.
		Drawdowns		-150	-150	-150			
9	Climate change	Contributions	**671**					**0**	Fully committed to climate change mitigation measures
		Drawdowns		-671					
10	Workforce	Contributions	**150**					**0**	One-off Workforce transformation costs
		Drawdowns		-150					
11	Pre-development costs	Contributions	**5,000**					**5,000**	There are several major housing schemes across the Borough with costs incurred. If any of the developments don't go ahead we write off the cost incurred to revenue. This reserve is to off set these costs.
		Drawdowns							
12	Schools' regeneration	Contributions	**19**					**19**	
		Drawdowns							

13	Controlled parking	Contributions	**722**	520.7	520.7	520.7	520.7	**0**	Annual contribution of £520.7k to be spent on parking projects and column replacements
		Drawdowns		-1243	-520.7	-520.7	-520.7		
14	Linford Christie	Contributions	**7**					**0**	Restricted bequest, to fund grants to young athletes as requested and agreed (ad hoc) - Spend expected @ £200/ £300 per Athlete
		Drawdowns		-2.5	-2.5	-2			
15	Parks	Contributions	**229**	60				**0**	£172k (to reinstate tennis courts after vacation of site at Linford Christie Stadium from 2023/2024 onwards) PLUS Hammersmith Park Oversail (£52.131) - funds to be used for Hammersmith capital project in 2022/23 plus Cricket Strips (£16k). Additional funds have been received in 2022/23 for the Crane oversail.
		Drawdowns		-57	-60	-172			
16	Dedicated Schools Grant support	Contributions	**11,820**					**7,238**	Transfer of £4.582m to Corporate Demands and Pressures reserve in line with the forecast reduction in the DSG High Needs Deficit (CRM2).
		Drawdowns		-4582					
17	Temporary Accommodation	Contributions	**450**					**0**	This is earmarked to cover the expected unfunded procurement cost for homelessness accommodation and homelessness prevention from the private rental sector.
		Drawdowns		-190	-260	0			

18	Learning disabilities - Individual Service contract	Contributions	**391**					**0**	The LD recommissioning of in borough supported accommodation continues. 1 contract has been extended to June 2023, to enable a fully co-produced new service to be procured starting in July 2024. The 2nd contract commenced on 1st October 2022, at Emlyn Gardens (EG). The EG contract is a new service provision and will incur one off set up and double running costs as residents are identified and moved into the new property. The balance of the reserve will be required to fund the procurement and cost increases of the new contract commencing July 2023.
		Drawdowns		-162	-229				
19	Supporting people	Contributions	**300**					**0**	Final year for the use of the reserve to be distributed to Departments. Yes! drawn down would be done this month.
		Drawdowns		-300					
20	Centre for systematic social work	Contributions	**211**					**211**	
		Drawdowns							
21	High Speed 2	Contributions	**59**					**59**	HS2 project is still live and we need to keep the reserve for future HS2 project purposes including consultancy reports, HS2 legal cost and staffing cost for HS2 project
		Drawdowns							
22	Community Vaccine Champion	Contributions	**-**	440				**0**	This is new scheme from 2022-23 with anticipated programme £260k full spend in year 1 and expected that 40% of the grant will be spent in 23-24.
		Drawdowns		-260	-180				

23	River Court Methodist Church	Contributions	**196**					**0**	The purpose of the account is to hold annual collected rental income from St Mungo's (SP provider), to fund a backdated rental liability due to River court Methodist Church. The agreement of a new lease and final liability is currently being progressed by property valuers and the landlord. As the lease is likely to be signed this year the full total is expected to be drawn down in 22-23
		Drawdowns		-196						
	Polo Fund Hurlingham Park	Contributions	**33**		10	10	10	**0**	Friends of Hurlingham Park have an arrangement that each time the Polo in the Park event takes place the provider and LSC contribute £5k each as matched funding these funds are ringfenced for the use of the Friends of Hurlingham Park
		Drawdowns		-15	-15	-15	-18		
25	Bishops Park - Fulham Stadium	Contributions	**525**	164	164	164		**0**	Bishop's Park Rental income from Fulham Football Club (FFC) - ringfenced to the park in line with the legal agreement. £524,700 (£150k) Security deposit Bishop's Park plus (£374.7k) Rental income from Fulham Football Club (FFC) - linked to agreed capital and revenue projects
		Drawdowns		-525	-164	-328			
26	Libraries and Archives	Contributions	**20**					**0**	Reading Organisation & Carnegie UK Trust Grants (H06300) Various small Library projects
		Drawdowns		-20					

27	Homelessness Prevention	Contributions	**750**					**0**	The £750,000 relates to additional top-up of Homelessness Prevention grant received from DLUHC towards the end of 21/22. It was not possible to defray all of this money in 21/22 so DoF agreed to create a reserve for this unspent funding which is being spent on homelessness prevention outcomes for vulnerable renters in the borough in 22/23.
		Drawdowns		-640	-110				
28	Planning	Contributions	**1,723**					**473**	This reserve relates to historically accrued admin charges that should have been written to revenue to fund the cost of administering CIL. Discussions were held with the auditor regarding the most appropriate accounting treatment and the DoF agreed that the funds can be used to support the revenue position. The current plan for this reserve is to cover the ongoing Planning income budget shortfall.
		Drawdowns		-200	-350	-350	-350		
29	REAP Development Reserve	Contributions	**500**					**500**	This is in addition to the £4m approved for REAP programme by Cabinet decision in October 2020. The balance of the £3.3m is held against the Efficiency reserve.
		Drawdowns							

	Sub Total Ear Marked Reserves		**68,324**	**- 17,235**	**- 9,412**	**- 1,018**	**2,567**	**43,226**	
	Covid								
30	Coronavirus Response Reserve	Contributions	**6,002**					**1,859**	
		Drawdowns		-2880	-1125	-138			
31	C19 Collection Fund Smoothing Reserve	Contributions	**23,351**					**289**	
		Drawdowns		-19098	-3964				
	Sub Total Covid Reserves		**29,353**	**- 21,978**	**- 5,089**	**- 138**	**-**	**2,148**	
	Restricted								
32	Dedicated Schools Grant - schools and early years block	Contributions	**299**					**299**	
		Drawdowns							
33	Partners in practice	Contributions	**956**					**956**	
		Drawdowns							
34	Sullivan service charges	Contributions	**-**					**0**	
		Drawdowns							
35	Fulham Palace	Contributions	**139**					**0**	Monograph (archealogical) project delayed due to Covid 19 and temporary funding for insurance shortfall
		Drawdowns		-35.675	-37.675	-33	-33		
36	Lead Flood authority	Contributions	**247**					**0**	To be spent on flooding reduction measures
		Drawdowns		-192	-55				
37	Insurance Fund	Contributions	**5,247**					**5,247**	Andre will discuss with Ray Chitty / Andy
		Drawdowns							

38	Misc. grants	Contributions	**235**					**235**	
		Drawdowns							
39	LAA Waste grant	Contributions	**-**					**0**	
		Drawdowns							
40	NHS Funding -s256 Social Care	Contributions	**1,359**					**737**	The purpose of the account is to hold balances received from the NHS(E) via S256 agreements and to drawdown on a quarterly basis. There is commitment against this over the medium to long term as part of the Better Care Fund. For 2022-23 there is a proposal to fund high cost of care residents to contribute to the Hospital Discharge pressures.
		Drawdowns		-622					
41	Better Care Fund Additionality	Contributions	**715**					**0**	The purpose of the account is to hold balances received from the NHS(E) via S256 agreements and to drawdown on a quarterly basis specifically against BCF Additionality Funded schemes. There are commitments in 22-23 will include funding amongst other things of - Elm Grove contract uplift, 3x Quality Lead posts, 2 x Strategic Lead post. There has been 1st draw down of £413k and it is anticipated that the balance will be drawn down as part of the quarter 3 Corporate close.
		Drawdowns		-715.2					

42	NHS Funding - s75 Contracts	Contributions	**501**					**0**	These are legacy balances which are utilised solely to support two on-going joint programs and commitments with our health partners. The first is to support obligations under a 25-year Nursing and Extra Sheltered Care contract provision where the LA is the lead commissioner. In addition, where we have joint funded Learning Disability (LD) clients, it is a common practice to have protracted issues around complex cases where frequently the clients move from the financial responsibility of the CCG to the LA. The cases are complex and high cost and the balances are utilised to fund once we have agreed a negotiated settlement. Drawdown has occurred to utilise the balance in full 2022-23.
		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
General balances	20,405	23,295	23,295	23,295	23,295
Sub Total Unrestricted Ear Marked Reserves	68,324	51,089	41,677	40,659	43,226
Sub Total Covid Reserves	29,353	7,375	2,286	2,148	2,148
Sub Total Restricted Reserves	9,699	7,633	7,540	7,507	7,474
Sub total	127,780	89,392	74,799	73,610	76,144
Developer Contributions	46,400	46,400	46,400	46,400	46,400
Total	174,180	135,792	121,199	120,010	122,544
Total Restricted and Unrestricted	78,022	58,722	49,218	48,167	50,701
Total Restricted and Unrestricted and General balances	98,427	82,017	72,513	71,462	73,996

Agenda Item 6.2

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Full Council

Date: 23/02/2023

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 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 Reform 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

	the full costs, funding and risks and any expected financial return alongside the broader outcomes including economic and social benefits. This report provides detailed analysis of the Council's capital programme financial position and highlights potential risks and their impact on the Council's resources.
Building shared prosperity	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.
Creating a compassionate council	As the council's resources have been reduced we have protected the services on which the most vulnerable residents rely.
Doing things with local residents, not to them	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.
Taking pride in H&F	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. The proposals also are continuing to invest in CCTV so that residents feel secure in their homes and on the streets.
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.

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

	2023/24 £'000	2024/25 £'000 (Indicative Future Years Analysis)	2025/26 £'000	2026/27 £'000	Total Budget (All years) £'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**

2. 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.

3. 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			
	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total Budget (All years) £'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 £'000	Indicative Budget 2024/25 £'000	Indicative Budget 2025/26 £'000	Indicative Budget 2026/27 £'000	Total Budget (All years) £'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 Reform. 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 HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £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 £79m[1] of capital expenditure delivered by the Council (or Housing Associations if grant funded by Council) over the next two financial years. The existing approved Housing Development schemes and the pipeline of yet to be approved schemes[2] is sufficient to make use of these receipts if delivered on

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

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

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	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
		Indicative Future Years Analysis			
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	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
		Indicative Future Years Analysis			
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	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
		Indicative Future Years Analysis			
Scheme Expenditure Summary					
Civic Campus					
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**
Building Homes and Communities Strategy (GF sites)					
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**
Other GF Capital Schemes managed by the Economy					
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 HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £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**
SELF FINANCING SCHEMES AND LOANS	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**	**2026/27 £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 Borrrowing	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 Code[3] obliges local authorities to approve a capital strategy.

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

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

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

Strategic Context

5. The Council's Business Plan 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
   - The Council will maintain world-class parks, open spaces and cemeteries, making sure that parks are a safe space for residents.

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

- Continuing to invest in CCTV so that residents feel secure in their homes and on the streets.
- 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 CO_2 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’s is committed to the safety and welfare of all residents and other capital projects and budgets including the School’s Maintenance and Corporate Planned Maintenance Programme include Health and Safety related works.

Other schemes

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 Reform.
    - 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 Reform.

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.

Agenda Item 6.3

LONDON BOROUGH OF HAMMERSMITH AND FULHAM

Report to: Full Council

Date: 23/02/2023

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 is 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
• Building shared prosperity	Achieve best value for money in investment and borrowing decisions.
• Being ruthlessly financially efficient	Effective management of the Council's cashflow resources.

Financial Impact

This report is wholly of a financial nature.

Legal Implications

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

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

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

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

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

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Background Papers Used in Preparing This Report

- 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.

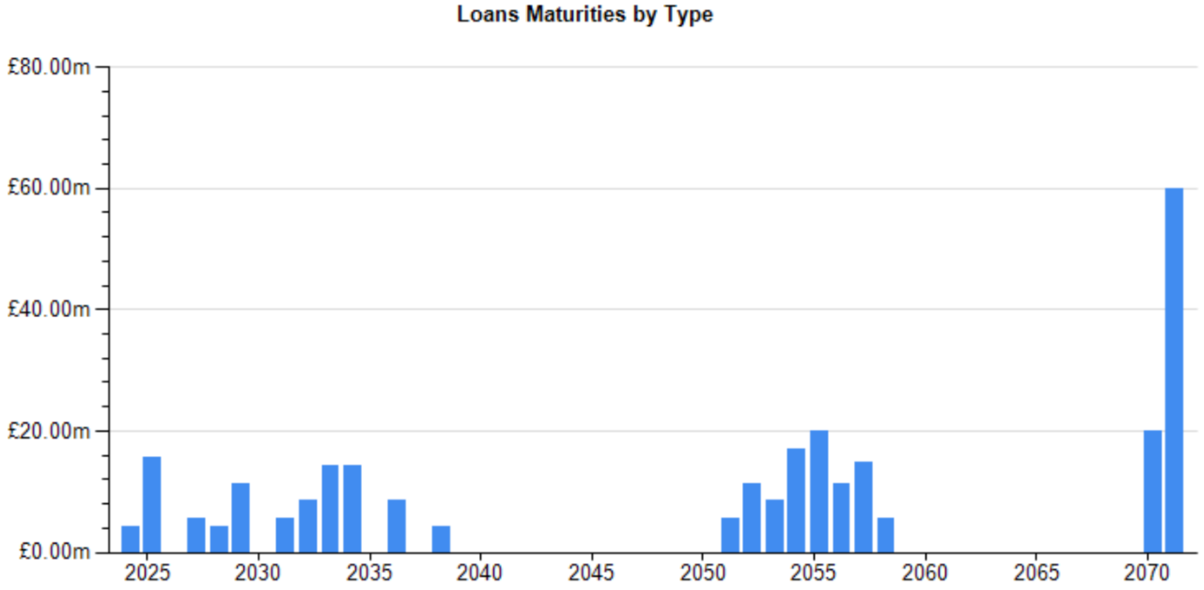
Table 2: Debt maturity profile limits

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 Actual %		2022/23 Forecast %	2023/24 Estimate %	2024/25 Estimate %	2025/26 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

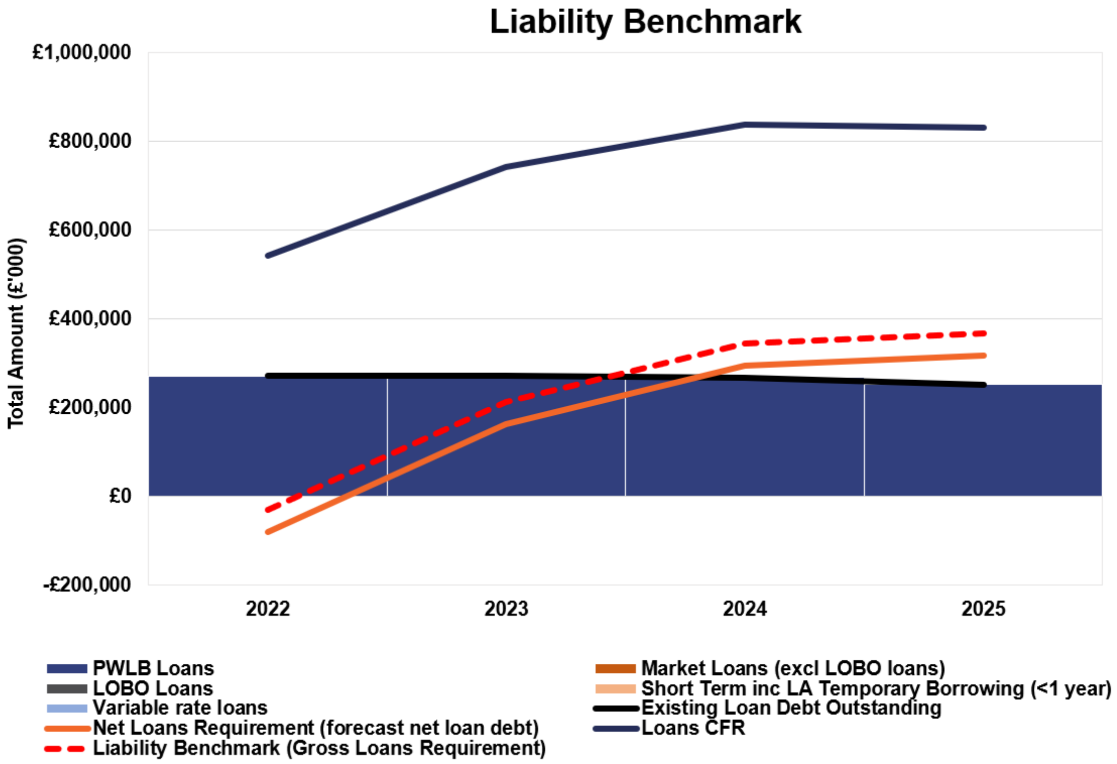
42. The updated prudential code requires the Council to produce a liability benchmark. The Council is required to estimate and measure the liability benchmark for the forthcoming financial year and the following two financial years, as a minimum.

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 £m	Average Rate %		Principal £m	Average Rate %
		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	Upper Limit for principal sums invested for more the 364 days	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.

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

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

APPENDIX A

THE TREASURY MANAGEMENT POLICY STATEMENT

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

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

This Council defines its Treasury Management activities as:

- The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

- This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

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

APPENDIX B

MEETING CIPFA REQUIREMENTS

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

- Maintaining a Treasury Management Policy Statement setting out the policies and objectives of the Council's treasury management activities

- Maintaining a statement of Treasury Management Practices that sets out the manner in which the Council will seek to achieve these policies and objectives

- Presenting the Full Council with an annual Treasury Management Strategy Statement, including an annual investment strategy (this report) and Minimum Revenue Provision policy for the year ahead (separate report on the agenda), a half year review report and an annual report (stewardship report) covering compliance during the previous year

- A statement of delegation for treasury management functions and for the execution and administration of treasury management decisions (see below).

- Delegation of the role of scrutiny of treasury management activities and reports to a specific named body. At the London Borough of Hammersmith & Fulham, this role is undertaken by the Audit Committee.

Treasury Management Delegations and Responsibilities

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

<u>Council</u>

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.

<u>Cabinet</u>

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.

<u>Audit Committee</u>

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 Reform	Weekly/Monthly

APPENDIX C

PROSPECTS FOR INTEREST RATES

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

Link Group Interest Rate View	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 earnings	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 earnings	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

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

APPENDIX D

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.

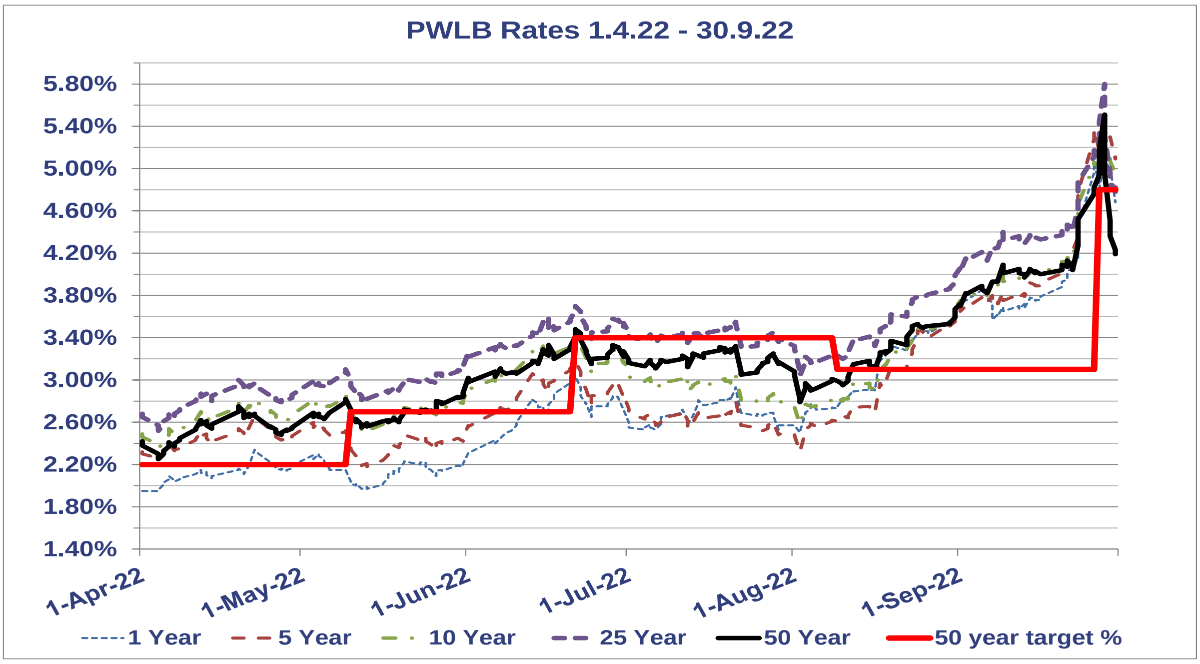
5. Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3.00% in November and the market expects Bank Rate to hit 4.50% by May 2023.

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

APPENDIX E

ANNUAL INVESTMENT STRATEGY

1. The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves. During the first half of the current year, the Council's average investment balance has been around £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 swaps[1] for the institution;
- any implicit or explicit Government support for the institution;
- Standard & Poor, Moody's and Fitch short- and long-term credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries; and
- Core Tier 1 capital ratios [2].

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[1] Credit Default Swaps (CDS) are tradable instruments where the buyer receives a pay-out from the seller if the party to whom the CDS refers (often a financial institution) has a "credit event" (e.g. default, bankruptcy, etc.). The price of the CDS gives an indication to the market's view of likelihood: the higher the price the more likely the credit event.

[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

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;
- 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.

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%.

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 Reform 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 Fitch/Moody's/S&P	Maximum Individual Counterparty Investment Limit £m	Maximum tenure	Changes from the 2022/23 TMSS
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- ST: F2/P-2/A-2	£30m	3 years	No change
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.

APPENDIX F

CREDIT RATINGS

Moodys		S&P		Fitch		Description	
LT	ST	LT	ST	LT	ST		
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	Investment Grade
Aa1		AA+		AA+			
Aa2		AA		AA			
Aa3		AA-		AA-		High Grade	
A1		A+	A-1	A+	F1	Upper Medium Grade	
A2		A		A			
A3	P-2	A-	A-2	A-	F2		
Baa1		BBB+		BBB+		Lower medium grade	
Baa2	P-3	BBB	A-3	BBB	F3		
Baa3		BBB-		BBB-			
Ba1	Not Prime	BB+	B	BB+	B		Non Investment Grade
Ba2		BB		BB			
Ba3		BB-		BB-		Speculative	
B1		B+		B+			
B2		B		B			
B3		B-		B-		Highly Speculative	
Caa1		CCC+	C	CCC	C	Substantial Risks	
Caa2		CCC				Extremely Speculative	
Caa3		CCC-				Default imminent with little prospect for recovery	
Ca		CC					
		C					
C		D		DDD		In Default	
				DD			
				D			

APPENDIX G

RISK REGISTER

Risk Group	Risk Ref.	Risk Description	Impact			Likelihood	Current risk score	Mitigation actions
			Financial	Reputation	Total			
Financial	1	Interest Rate Risk: the risk that rises in interest rates create an unexpected burden on the organisation's finances, against which the organisation has failed to protect itself adequately.	2	1	3	4	**12**	The Council will continue to invest 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	Stop what is being done.	A clear description of the specific actions to be taken to control the risk or opportunity
Treat	Reduce the likelihood of the risk occurring.	
Take	Circumstances that offer positive opportunities	
Transfer	Pass to another service best placed to deal with mitigations but ownership of the risk still lies with the original service.	The name of the service that the risk is being transferred to and the reasons for the transfer.
Tolerate	Do nothing because the cost outweighs the benefits and/or an element of the risk is outside our control.	A clear description of the specific reasons for tolerating the risk.

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Full Council

Date: 23/02/2023

Subject: Pay Policy Statement 2023/24

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

Report author: Mark Keeble, Strategic Lead Pay and Reward

Responsible Director: David Tatlow, Director of Resources

Summary

The Council is required to prepare a pay policy statement for each financial year that sets out the Council's approach to recognising and rewarding its employees in a fair, consistent, and equitable manner.

Recommendations

1. That Full Council approve the pay policy statement for 2023/24 as set out in Appendix 1.

2. That Full Council note the benchmarking of the Council's median pay multiple against the average of other Inner London Boroughs contained in section 2.5 below.

Wards Affected: None

H&F Values	Summary of how this report aligns to the H&F Values
Creating a compassionate council	An important feature of the pay policy is the monitoring of the pay multiple and adopting approaches that protect the interests of the lowest paid employees.
Being ruthlessly financially efficient	The pay policy statement sets out how rates of pay are controlled by application of job evaluation schemes to ensure an appropriate salary is paid. It also establishes principles that contribute to achieving value for money through payroll expenditure.

Financial Impact

This report sets out the policy and position on pay within the Council. There are no direct financial implications arising from the recommendations as any resultant costs will need to be contained within existing employee budgets.

Comments verified by Sukvinder Kalsi, Director of Finance.

Legal Implications

The statutory requirements set out in Chapter 8 of Part 1 of the Localism Act 2011 (Sections 38-43) are summarised in the report and the pay policy statement. The pay policy statement complies with the statutory requirements.

Comments approved by Grant Deg, Assistant Director, Legal

Background Papers Used in Preparing This Report

- Localism Act 2011
- Openness and Accountability in Local Pay – Guidance under section 40 of the Localism Act from Department for Communities and Local Government (DCLG)
- The Local Government Transparency Code 2015 (DCLG June 2015)
- Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England – 12 May 2022
- LBHF Council Pension Policy
- GLPC Salary Scales
- Benchmarking of Inner London Boroughs median pay multiples (published in 2021/22 pay policy statements)

DETAILED ANALYSIS

The Statutory Requirement to Produce Pay Policy Statements

1. Section 38(1) of the Localism Act 2011(the Act) requires the Council to prepare a pay policy statement for each financial year. This pay policy statement must be approved by Council. The provisions of the Act do not apply to local authority schools.

2. Approved pay policy statements must be published on the Council's website as soon as reasonably practicable after being approved. The Act also requires that the Council includes in its pay policy statement the approach to the publication of and access to information relating to the remuneration of chief officers. Remuneration includes salary or payment for a contract for services, expenses, bonuses, and performance related pay as well as severance payments. The definition of Chief Officers is set out in section 2 of the Local Government and Housing Act 1989.

3. Section 38(2) of the Act also requires the Council to set out its policy on remuneration for its highest paid employees alongside its policies towards its lowest paid employees. In particular, it requires the Council to explain what it thinks the relationship should be between the remuneration of its chief officers and other employees and to set out policy on the lowest paid. The Council must include its current policy towards maintaining or reaching a specific pay multiple, within its broader policy on how pay and reward should be fairly dispersed across its workforce.

4. So far as other elements of senior remuneration are concerned, including the use of any bonuses, performance related pay (PRP), severance payments and the payment of fees for election duties, the Council must also make it clear what approach it takes to the setting and publishing of these.

5. The pay policy statement must also deal with a number of aspects of re-employment of employees. The Council must explain its policy in relation to the payment of salary and pension to the same individual. It must also set out its policy in relation to the re-employment of chief officers who have retired and may be re-employed on a contract for services.

6. The Council must in setting pay policy statements, have regard to the guidance issued by the Secretary of State for Levelling Up, Housing and Communities. This includes the Local Government Transparency Code 2015 issued pursuant to section 2 of the Local Government, Planning and Land Act 1980 and guidance under section 40 of the Localism Act of February 2012 and February 2013 which requires relevant authorities to prepare pay policy statements. Due regard has been had to the guidance in the preparation of this policy.

7. Once in force, it must be complied with although it may be amended by Council during the financial year.

Key Issues

8. The Government guidance for local authorities on the preparation of a pay policy statement recommends the calculation and publication of an authority's pay multiple. That is the relationship between the median earnings figure in the organisation and the remuneration of its highest paid officer.

9. The median is defined as that earnings figure at which there are an equal number of officers' earnings figures above and below it. The highest paid officer in Hammersmith & Fulham is the Chief Executive.

10. The remuneration of the highest paid officer is divided by the median earnings figure to arrive at the pay multiple. At March 2022 this ratio was 5.2:1. This has increased slightly from the previous figure of 5.1:1 reported for March 2021. The Council uses the same method used for the statutory Gender Pay Gap calculations to arrive at this figure because it is a reliable method of measuring the normal pay employees receive.

11. The Council is required to keep its position on the pay multiple under review. To help decide whether this position is appropriate, the Council's average pay median pay multiple of 5.2:1 has been compared to the position of other Inner London Boroughs. Their average, as reported in their 2021/22 pay policies, was 5.5:1. This suggests the Council's own position is reasonable.

12. In May 2022, the Government issued guidance in connection with special severance payments for employees under section 26 of the Local Government Act 1999 as part of the best value regime for local authorities. Special severance payments are those payments over and above statutory or contractual entitlements and typically might be considered when settling a claim issued or proposed to be issued in the Employment Tribunal.

13. In order to obtain best value in the settlement of employment claims, LBHF's delegated authority is set out within the Scheme of Delegation contained in part 3 of the Constitution which will continue to be robustly applied, as appropriate.

Reasons for Decision

14. The Council is required by the Act to approve a pay policy statement and for the policy to be published on the Council's website.

Equality Implications

15. It is not anticipated that the Council's pay policy statement will have any negative impact on any groups with protected characteristics, under the terms of the Equality Act 2010. The pay policy incorporates the Council's statutory requirement to publish details of its gender pay gap.

List of Appendices:

Appendix 1 – Pay Policy Statement 2023/24

APPENDIX 1: PAY POLICY STATEMENT 2023/24

London Borough of Hammersmith & Fulham (H&F)

1. Fairness and Transparency.

1.1 Hammersmith & Fulham is committed to paying its employees on a fair basis to reflect the work that they do. At the same time, it recognises that there is public interest in both the remuneration of its employees and the way in which that remuneration is set. It is therefore publishing this statement to ensure transparency and fulfil its obligations under section 38 (1) of the Localism Act 2011.

1.2 The Council's Chief Executive, as Head of Paid Service, is responsible for ensuring the Council meets its duties for appointment on merit, the terms and conditions of employment, compliance with the Council's Standing Orders for the appointment and remuneration of employees and the requirements set out in the Local Government and Housing Act 1989.

2. Vision and Our People

2.1 The Council's vision is to be the best, and it has six clear values:

- Building shared prosperity
- Doing things with residents not to them
- Taking Pride in Hammersmith & Fulham
- Creating a compassionate Council
- Being ruthlessly financially efficient
- Rising to the challenge of the climate and ecological emergency

2.2 Our People Strategy complements Our Vision by setting out who we are and our focus on the employee experience, employee development, coaching, leadership and culture within the organisation.

2.3 The vision, desired behaviours and guide to good management are used in recruitment, discussions on learning and development needs, performance appraisal, including the determination of salary uplifts for senior managers and other forms of recognition.

3. Pay Design

3.1 The pay ranges for Council employees reflect the need to recruit and retain good employees.

3.2 Employees salaries are set through national pay bargaining. Progression through each individual salary range is by increments and is related to satisfactory service. All employees have an annual performance appraisal.

3.3 The Council's senior executives are paid on the locally determined salary ranges for grades A to F. Employees on these grades include all those officers who meet the Local Government and Housing Act 1989 definition of either the Head of Paid Service, Monitoring Officer, Statutory and Non-Statutory Chief Officers or Deputy Chief Officers. Other senior employees are also paid on these grades. Pay uplifts in excess of the annual cost of living awards are considered on an annual basis subject to their on-going assessment through the Council's Performance Appraisal Scheme. This allows for consolidated uplifts to base salary up to the maximum of the grade. The Council does not pay performance related bonuses to senior executives.

3.4 Increases to pay scales and ranges will occur through national pay awards. Individual salaries will also be increased annually in line with national pay awards. Grades B to F will rise in line with any JNC for Chief Officers national pay award. Grade A will be increased in line with the national pay award of the JNC for Local Authority Chief Executives.

3.5 The pay ranges for all employees are set out in the attached Appendices A and B.

3.7 The pay ranges for all posts in the Council are determined through job evaluation to ensure fairness and equality. In respect of nationally negotiated ranges (Scales 1B to PO10), this is done through the Greater London Provincial Council Job Evaluation Scheme.

3.8 Each senior executive role will be graded by matching into one of 6 pay grades between A and F. All posts paid on pay grades A to F are evaluated using the Korn Ferry/Hay job evaluation scheme.

3.9 The Act requires the Council to define its lowest paid employees.

3.10 The Council's lowest paid workers are defined as those on the lowest spinal column point of the NJC salary scales, which is Scale 1B spine point 1. This gives an annual salary of £24,771 based on the April 2022 rates for a standard working week of 36 hours.

3.11 The Council became an accredited Living Wage Employer in February 2016. Under the terms of the Council's accreditation, this means that no directly employed Council employees will earn less than the London Living Wage. This includes any directly employed interns or apprentices.

3.12 Each employee will receive a basic salary as defined by the Council's pay and grading structures commensurate with the level of their duties and responsibilities.

3.13 Starting salaries within the evaluated grade for the role are determined by reference to market rates and an individual's existing salary.

3.14 In addition to these annual salaries, the Council can choose to pay extra sums to employees to recognise market pressures or additional work undertaken. These may be time limited pay supplements, acting-up allowances or honoraria.

3.15 Where market supplements and additional payments for the Head of Paid Service or Statutory and Non-Statutory Chief Officers are considered necessary, they will be time limited to a maximum of two years from their commencement. The terms of additional payments (not including relocation expenses) will be agreed by the Assistant Director, People and Talent, including the application of any Market Factor Supplements.

3.16 Extensions beyond two years will require the approval from the Chief Officer Appointments Committee and will be reported as an exception to the Council's published Pay Policy Statement.

3.17 As required by the Local Government and Housing Act 1989, the appointment and remuneration of Statutory and Non-Statutory Chief Officers who report directly to the Head of Paid Service (save for interim appointments), is determined by the Council's Members through the Chief Officer Appointments Committee.

3.18 Arrangements for shared appointments are addressed through Section 113 Agreements of the Local Government Act 1972.

4. Other Rewards and Benefits

4.1 The Council tries to adopt best practice and allow for market forces when determining additional benefits for its employees. In addition, it acknowledges that benefits are an important part of a recruitment package.

4.2 All employees are therefore entitled to receive a range of benefits which the Council either provides or has negotiated. These include interest free travel loan, childcare vouchers, cycle to work salary sacrifice schemes, training support and outplacement support including career counselling for employees who are made redundant.

4.3 Professional fees and charges will be paid on behalf of employees who are required to be registered to undertake their role.

4.4 An officer has a statutory position in each election i.e. the Returning Officer/ Acting Returning Officer, etc. and receives a fee in recognition of this role. This fee reflects the advisory fee set for each election by the Ministry of Justice. There are also fees paid to employees who carry out the annual canvass of the electoral register and who undertake additional work at the time of the election – poll staff, inspectors, count staff, etc.

4.5 Any benefits, gifts or hospitality must be properly authorised and recorded in accordance with the Officer's Code of Conduct.

5. Pension and Severance Payments

5.1 Senior executives will receive their contractual entitlement for termination payments. These entitlements are the same for NJC employees (Green Book).

Where the Council is terminating the contract of employment, pay in-lieu of notice (PILON) or paid leave may be granted by the Assistant Director, People and Talent.

5.2 Redundancy pay for all employees is calculated based on actual weekly earnings multiplied by the numbers of weeks' pay using the statutory formula that considers length of service and age. The Council has authority under the provisions of the Local Government (Early Termination of Employment) Discretionary Compensation (England and Wales) Regulations 2006, to use the actual amount of a week's pay and not apply the statutory cap. Calculation of a full-time week's pay is subject to a locally agreed minimum equal to 1.5 x London Living Wage.

5.3 The number of weeks redundancy is based on age and length of service at leaving and is subject to a statutory limit of 30 weeks' pay. Any discretion permitted within redundancy and pension policies are agreed by the Assistant Director, People and Talent.

5.6 Employees are entitled to join the Local Government Pension Scheme (LGPS) and will receive their pension at their normal retirement age, employees are entitled to leave with a reduced pension from age 55. Pension payments will be released early in certain circumstances including redundancy and ill health retirements provided that the appropriate criteria of the local pension policy are met. There is a separate published policy on pension payments. This is updated from time to time in line with any changes to pension regulations.

5.7 Under the LGPS, certain employees may request flexible retirement whereby they can retire early and continue to work on a part-time basis or on a reduced salary. The Council retains the discretion to agree such arrangements in line with the LBHF Pension Fund Discretions Policy which is available here.

5.8 The fact that an individual is already receiving a pension under the LGPS regulations does not prevent the Council from appointing them. However, if an employee is in receipt of a pension from a previous employer that is a member of the LGPS and they are recruited by the Council, they must notify their pension provider of re-employment, even if they elect not to join the pension scheme here.

5.9 The Council will not reemploy any previous employee who received a redundancy or severance payment for a period of 3 years, without a business case justifying why it is necessary. Business cases are approved by the Chief Executive Officer and Assistant Director, People and Talent.

6. Publication and Access to Remuneration of Chief Officers and Other Senior Employees.

6.1 The Council's Chief Officer Structure is set out in the Constitution, the Constitution is updated with any changes to statutory posts. The Council defines Chief Officers within the Constitution as the Strategic Leadership Team Members. The statutory definition of Chief Officers, set out in section 2 of the

Local Government and Housing Act 1989, is used for the purpose of the Pay Policy Statement.

6.2 The Council publishes details of remuneration of senior employees in the Annual Statement of Accounts and on the Council's website. The Council also publishes information about the level of remuneration of other senior employees on its website. This information is published for all senior employees on annual pro rata earnings of £50,000 or more. The information is published here.

6.3 In addition, the Council is required to publish the pay multiple between the highest paid employee and the median salary of the workforce. The current multiple is 5.2:1 (at March 2022).

6.4 Another important indicator is the pay multiple between the highest and lowest paid employees. The current multiple is 9.8:1 (at March 2022).

6.5 At present, the Council deems these multiples to be appropriate and within the acceptable benchmarked ratio of 10.0:1. The policy regarding pay multiples will be kept under review.

6.6 The Council calculates these pay multiples with reference to the most recent available data used for measuring the Gender Pay Gap because it provides a reliable and consistent methodology.

7 Gender and Ethnicity Pay Gaps

7.1 The Council's pay policy is an important tool that will help deliver on a commitment to creating a great place to work for all of our employees.

7.2 Setting out how the Council recognises and rewards employees in a transparent manner will help to ensure that the Council's approach and its rates of pay are fair.

7.3 The Council is required to publish information to show their Gender Pay Gap. Specifically, the Council must publish:
- average gender pay gap figures (mean and median).
- the proportion of men and women in each quartile of the pay structure.
- the gender pay gaps for any bonuses paid out during the year.

7.4 In addition, the Council has voluntarily published an Ethnicity Pay Gap since 2019 and Disability Pay Gap since 2021.

7.4 The Council's Gender Pay Gap is calculated using a method set by the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 and is reported on the Council's website here. The Council's Ethnicity and Disability Pay Gaps are calculated using the same method.

7.5 Reporting Gender and Ethnicity Pay Gaps helps to demonstrate compliance under the Public Sector Equality Duty. The reported information will assist the

Council in addressing how inclusive and diverse the Council is as an employer and will inform decisions around several actions delivered though the Council's People Strategy and aligned plans that will drive positive change.

8. Employee Resources

8.1 The Council uses the following different employee resources:

- Permanent employees on the establishment.
- Temporary employees on fixed term contracts to fill posts on the establishment.
- Interims employed through service contracts to fill posts on the establishment.
- Interims where there is no established post. For example, where temporary specialist skills are needed to undertake a time limited complex project.

9. Remuneration of Interim and Temporary Employees

9.1 Where interim resources are determined to be required for a specific role within the Council, a process is followed. Typically, sourcing is carried out through the Managed Supplier via an approved framework. When interim resources are required, the costs of these are subject to competitive marketplace processes through the Council's approved framework.

9.2 For other posts where the Council requires an interim resource, which is not a Chief Officer, which may or may not be on the establishment, the Council will aim to pay for these services at a rate of pay as close as possible to total employment costs of directly employed employees performing a comparable role, given prevailing market conditions. However, the appointing person will have discretion to settle salary or fees in line with current market factors. Any such arrangements require authorisation from the Resource Management Board (Chief Executive Officer, Director of Resources and Assistant Director, People and Talent).

9.4 Where an interim appointment or temporary contract is deemed appropriate no appointment will be made without first having considered the actual employment relationship and working practices and the individual's status as defined within IR35 Legislation.

10. Contract for Services

10.1 On occasion it will be more appropriate to engage interim employees using a contract for services. Unlike employees employed under contracts of employment, the relevant guidance from the Department for Levelling Up, Housing and Communities does not require such appointments to be approved by Council. However, where such posts are classified as Statutory or Non-Statutory Chief Officers for pay policy purposes, those posts should appear in the Statement of Accounts.

11 Appendices

Appendix A – Greater London Provincial Council (GLPC) Grades and Salaries
Appendix B – Hammersmith & Fulham Chief Officer Grades and Salaries

Appendix A

Greater London Provincial Council (GLPC) Grades and Salaries

Grade	01-Apr-22 Spine Point	01-Apr-22 Annual Salary	01-Apr-22 Hourly Rate	Grade	01-Apr-22 Spine Point	01-Apr-22 Annual Salary	01-Apr-22 Hourly Rate
Scale 1B	1	£24,771	£13.20	PO4	36	£45,711	£24.35
Scale 1C	2	£24,954	£13.29		37	£46,719	£24.89
	3	£25,359	£13.51		38	£47,736	£25.43
Scale 2	3	£25,359	£13.51		39	£48,747	£25.97
	4	£25,776	£13.73	PO5	39	£48,747	£25.97
Scale 3	5	£26,193	£13.95		40	£49,707	£26.48
	6	£26,625	£14.18		41	£50,757	£27.04
Scale 4	7	£27,060	£14.42		42	£51,783	£27.59
	8	£27,507	£14.65	PO6	41	£50,757	£27.04
	9	£27,957	£14.89		42	£51,783	£27.59
	10	£28,419	£15.14		43	£52,806	£28.13
Scale 5	12	£29,364	£15.64		44	£53,799	£28.66
	13	£29,853	£15.90	PO7	44	£53,799	£28.66
	14	£30,348	£16.17		45	£54,825	£29.21
	15	£30,852	£16.44		46	£55,845	£29.75
Scale 6	18	£32,418	£17.27		47	£56,868	£30.29
	19	£32,961	£17.56	PO8	46	£55,845	£29.75
	20	£33,510	£17.85		47	£56,868	£30.29
SO1	23	£35,223	£18.76		48	£57,909	£30.85
	24	£35,814	£19.08		49	£58,995	£31.43
	25	£36,417	£19.40	PO9	49	£58,995	£31.43
SO2	27	£37,653	£20.06		50	£60,105	£32.02
	28	£38,037	£20.26		51	£61,206	£32.61
	29	£38,934	£20.74		52	£62,298	£33.19
PO1	28	£38,037	£20.26	PO10	51	£61,206	£32.61
	29	£38,934	£20.74		52	£62,298	£33.19
	30	£39,615	£21.10		53	£63,393	£33.77
	31	£40,503	£21.58		54	£64,482	£34.35
PO2	30	£39,615	£21.10				
	31	£40,503	£21.58				
	32	£41,472	£22.09				
	33	£42,510	£22.65				
PO3	33	£42,510	£22.65				
	34	£43,701	£23.28				
	35	£44,691	£23.81				
	36	£45,711	£24.35				

Appendix B

Chief Officer Grades and Salary Ranges

Grade	Minimum Salary 1-Apr-2022	Maximum Salary 1-Apr-2022
F	£65,544	£87,444
E	£87,447	£102,045
D	£102,048	£122,904
C	£122,907	£143,763
B	£143,766	£179,223
A	£184,436	£205,294

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Full Council

Date: 23/02/2023

Subject: Members' Allowances Scheme Annual Review 2023/24

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

Responsible Director: David Tatlow – Strategic Director of Corporate Resources

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Summary

This report performs the statutory annual review of Members' allowances for the 2023/24 financial year. The annual review takes into account the recommendations made in the Independent Panel report on the renumeration of councillors (January 2022).

Recommendations

1. That the recommendations of the Independent Panel on the remuneration of Councillors in London (January 2022) be noted.

2. That the Members' Allowances Scheme 2023/24 as set out in the report and attached as Appendix 1, be approved.

3. That changes for 2023/24 to Members' Allowances are made in line with any changes to the national local government pay award, be approved.

Wards Affected: All

H&F Values	**Summary of how this report aligns to the H&F Values**
Creating a compassionate council	The council froze the basic and special care responsibility allowance for eight years to ensure that scarce resources have been spent on other key priorities such as meeting the needs of the most vulnerable in society.
Being ruthlessly financially efficient	The proposed basic allowance of £9,744.60 is lower than the £12,014 recommended by the Independent Renumeration Panel.

Financial Impact

Every councillor is entitled to a basic allowance. Due to the responsibilities undertaken by some Councillors, they are also entitled to a Special Responsibility Allowance (SRA). It is Administration policy that no councillor can claim two SRAs even if they hold two SRA posts. Expected member allowance costs for 2023/24 are set out below.

	Total
Basic Allowance	£487,230
Special Responsibility Allowance	£436,417
TOTAL	£923,647

The combined cost for basic allowances and special responsibility allowances is £923,647. In addition, employers' national insurance will cost an estimated £64,700 giving a total cost of £988,347. Costs will be funded by the Members' Allowances pay budget which for 2023/24 is set at £988,600.

It is recommended that any 2023/24 financial impact, as a result a decision to uplift allowances in line with changes to the national local government pay award, is mitigated by corporate provision set aside for pay inflation in 2023/24.

It is proposed that any ongoing financial impact as a result of the changes recommended in this report be included as part of the Council's Medium Term Financial Strategy and budget setting process.

Alex Pygram, Head of Finance (Corporate Services), 24th January 2023 and verified by Andre Mark, Head of finance (Strategic planning and investment), 24th January 2023

Legal Implications

Under Regulation 4 of the Local Authorities (Members' Allowances) (England) Regulations 2003 (the Regulations), the Council has the powers to make a scheme to provide for the payment of a basic allowance and any other allowance permitted by the Regulations. The proposals contained within the report are in line with the Regulations, Local Government Act 2000 and appropriate regulations.

Grant Deg - Assistant Director Legal Services, Grant.Deg@lbhf.gov.uk 25/01/23

Background Papers Used in Preparing This Report

The Remuneration of Councillors in London 2022 - Report of the Independent Panel

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DETAILED ANALYSIS

Proposals and Analysis of Options

1. This report seeks approval of the 2023/24 Members' Allowances Scheme as set out in the report and attached as Appendix 1, be approved. It proposes that any uplift to the 2023/24 Members' Allowances is made in line with any changes to the national local government pay award.

Independent Remuneration Panel's Report – January 2022

2. The Council is formally required to undertake a review of its members' allowances scheme each financial year. Any changes in allowances are required to take into account the recommendations of a local independent panel on remuneration for Councillors. Where a scheme includes a provision for an automatic uplift, the operation of this provision may only be relied on for a period of four years before reference must again be made to a local independent remunerator's report and recommendations.

3. The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now London Councils) of an independent remuneration panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a panel ('the Panel') was established and reported in 2001, 2003, 2006, 2010, 2014, 2018 and 2022. It now comprises Mike Cooke (Chair), Sir Rodney Brooke CBE DL and Anne Watts CBE. The Regulations require a review of the scheme every four years as a minimum. The current Panel has therefore completed a review of remuneration for councillors in London. A summary of their recommendations is attached at Appendix 2.

Annual Lift

4. The Independent Panel for the Remuneration of Councillors in London in its recent report reiterated its previous recommendation that members allowances should be uplifted annually in line with the pay settlement for employees. Therefore, this is what we are implementing for our members in 2023/24. Once the figure has been agreed and communicated by the Greater London Provincial Council, it will be backdated for all Members to 1 April 2023.

Review of Other Allowances

5. The current scheme has provision for a wide range of other allowances (see paragraphs 6 to 8 below).

Dependent Carer Allowance

6. Dependent carer allowance is payable in respect of expenses incurred for the care of a Councillor's children or dependants in attending meetings of the authority, its Executive, Committees and Sub-Committees and in discharging the duties set out in paragraph 7 of the Regulations. The Panel had

recommended payment to be set at the London living wage, and (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required.

Travel & Subsistence

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

Sickness, Maternity and Paternity Allowance

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

Reasons for Decision

9. The Council is required under the Local Government Act 2000 and the Local Authorities (Members' Allowances) (England) Regulations 2003 to approve any amendments to the approved scheme.

List of Appendices:

Appendix 1 – Members' Allowances Scheme 2023/24

Appendix 2 – Summary of the Recommendations of the Remuneration of Councillors in London 2022 (Report of the Independent Panel)

Appendix 1

Members' Allowances Scheme 2023-24
Effective from 1 April 2023

This scheme is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") for 2022/2023 and subsequent years. The allowances scheme has been prepared having regard to the report of the Independent Panel on the Remuneration of Councillors in London established by London Councils on behalf of all London Councils, co-authored by Mike Cooke (Chair), Sir Rodney Brooke CBE DL and Anne Watts CBE and published in January 2022.

1. Basic Allowance

1.1 The Independent Remunerator's report suggests a flat-rate basic allowance be paid to each member of the authority of £12,014 per annum to be paid in 12 monthly instalments on the 15th of each month.

1.2 The Council has considered the independent remunerator's recommendation but has decided to set lower levels of allowances than those recommended.

1.3 It proposes to increase basic and special responsibility allowances are uplifted in line with the pay settlement for employees.

The basic rate allowance for all Hammersmith & Fulham Councillors will therefore be £9,744.60 - to be paid in 12 monthly instalments on the 15th of each month.

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

	No.	Basic Allowance	Total
All Councillors	50	£9,744.60	£487,230

2. Special Responsibility Allowances

2.1 Regard has been had to the recommendations in the independent remunerator's report for differential banding in relation to the payment of special responsibility allowances (SRAs), but in line with the Administration's priorities, it has been decided to not to follow the independent remunerator's recommendations which would have proved considerably more costly to local council taxpayers.

2.2 The following Special Responsibility Allowances shall therefore be paid to Councillors holding the specified offices indicated:

Position	No	SRA Entitlement	Total SRA
The Leader	1	£35,083.50	£35,083.50
Deputy Leader	1	£29,229.88	£29,229.88
Other Cabinet members	8	£23,385.08	£187,080.62
Chief Whip (where not a member of Cabinet)	1	£23,385.08	£23,385.08
Chair, Overview and Policy Board	1	£23,385.08	£23,385.08
Deputy Chief Whip (2)	2	£6,065.52	£12,131.05
Chair of Policy & Accountability Committees	6	£6,065.52	£36,393.14
Leader of the Opposition	1	£17,534.39	£17,534.39
Deputy Leader of the Opposition	1	£6,065.52	£6,065.52
Opposition Whip	1	£6,065.52	£6,065.52
Chair of Planning and Development Control Committees, Audit Committee*, Pensions Fund Committee, Licensing Committee (4)	3*	£6,065.52	£18,196.57
The Mayor	1	£15,200.00	£15,200.00
Deputy Mayor	1	£6,065.52	£6,065.52
Lead Members **	7	£2,943.00	£20,601.00
Total	**35**		**£436,416.87**

*This portfolio holder receives only one SRA in respect of duties undertaken.
**There are eight positions. However, two portfolio holders will receive only one SRA in respect of duties undertaken.

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

3. Other Allowances

Dependent Carer Allowance

3.1 Dependant carer allowance is payable in respect of expenses incurred for the care of a Councillor's children or dependants in attending meetings of the authority, its Executive, Committees and Sub-Committees and in discharging the duties set out in paragraph 7 of the Regulations.

a) ££5.98 per half hour before 10 pm; £6.25 per half hour after 10 pm (not payable in respect of a member of the Councillor’s household).

Travel and Subsistence

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

Public Transport

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

Car mileage

b) 45 pence per mile.

Subsistence

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

Sickness, maternity and paternity allowance

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

4. Annual increase

4.1 The updated allowances in this scheme apply from 1 April 2023. Any future allowance uplifted will be in line with the pay settlement for employees (as communicated by London Councils) and backdated to 1st April 2023.

5. Election to forego allowances

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

6. Time limit for claims

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

7. Membership of more than one authority

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

8. Non-entitlement to more than one SRA

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

9. Pensions

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

10. Allowances for co-opted members and independent members of The Pensions Sub Committee

Co-optees

10.1 Co-opted members shall be paid £549.36 per annum by equal monthly instalments of £45.78 on the 15th of each month.

10.2 Co-opted members shall be entitled to the same travel and dependent carer allowances as Councillors but shall not be entitled to subsistence payments.

Independent Members

10.3 The London Borough of Hammersmith & Fulham shall pay an allowance to the appointed Independent Members at a flat rate allowance of £549.36 per annum payable by equal monthly instalments of £45.78 on the 15th of each month.

Appendix 2

Report of the Independent Panel - Recommendations of the Remuneration of Councillors in London 2022

Level of Basic Allowance

Now is not the right moment to recommend major changes to the current allowances (beyond the annual updating). Linking the alliances to an annual increase to staff pay awards will ensure that councillors can receive annual increases which are in line with those received by staff. We therefore recommend that the Basic Allowance be set at £12,014 pending the outcome of the 2021-22 award. We believe that it remains sensible to frame recommendations which are common across London

Special Responsibility Allowances

For the same reasons which prompt us to maintain the current Basic Allowance, (namely a significant uncertainty over the long term implications of the changes we have been witnessing in the last 18 months, combined with the financial challenges faced at this time) we recommend that the special responsibility allowance for a Leader should be in accordance with our former recommendation (£57,085), plus the subsequent local government staff pay awards (including an indicative uplift of 1.75% for 2021-22 which is still the subject of negotiation), i.e. £62,092.

We also recommend the maintenance of its relation to other special responsibility allowances, as set out in the Appendix to this report which can be found at: https://www.londoncouncils.gov.uk/node/39359

Training and Support

The responsibilities of councillors are substantial, extensive and complex.

The Pandemic has also resulted in an acceleration of more flexible ways of working including greater use of digital technology. While this has provided a range of benefits including less travelling for work it has required councillors to have the necessary digital skills. Additionally, the move to audio visual conferencing has resulted in a growth in meetings for many contributing to an overall increase in 'screen time'.

We believe that every borough should:

- have an ongoing programme of member training and development
- provide members with the logistical and clerical support and the appropriate IT equipment to help them deal with their workload.

Barriers to being a councillor

- **Allowance for care of dependents.**

It is important that obstacles to becoming a councillor should be removed wherever possible. Care costs can be a significant deterrent to service as a councillor. Our strong view is that in appropriate cases when they undertake their council duties, councillors should be entitled to claim an allowance for care of dependents.

- **Dependents' carers' allowance**

The dependents' carers' allowance should be set at the London living wage but (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required.

- **Special Responsibility Allowances in the case of sickness, maternity and paternity leave**

Our view is that members' allowances schemes should allow the continuance of Special Responsibility Allowances in the case of sickness, maternity and paternity leave in the same terms that the council's employees enjoy such benefits (that is to say, they follow the same policies).

Travel and Subsistence allowances

The Basic Allowance should cover basic out-of-pocket expenses incurred by councillors, including intra-borough travel costs and expenses. The members' allowances scheme should, however, provide for special circumstances, such as travel after late meetings or travel by councillors with disabilities. The scheme should enable councillors to claim travel expenses when their duties take them out of their home borough, including a bicycle allowance.

Allowances for Mayor or Civic Head

Many councils include the allowances for the mayor (or civic head) and deputy in their members' allowance scheme. However, these allowances do serve a rather different purpose from the 'ordinary' members' allowances, since they are intended to enable the civic heads to perform a ceremonial role. There are separate statutory provisions (ss 3 and 5 of the Local Government Act 1972) for such allowances and councils may find it convenient to use those provisions rather than to include the allowances in the members' allowance scheme.

Update for inflation

We continue to recommend that all allowances should be updated annually in accordance with the headline figure in the annual local government pay settlement.

The Regulations make it obligatory for the annual updating of the Scheme to be formally authorised by the council each year.

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Full Council

Date: 23/02/2023

Subject: Review of the Constitution

Report of: The Leader of the Council

Report author: David Abbott, Head of Governance

Responsible Director: David Tatlow, Director of Corporate Services and Monitoring Officer

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SUMMARY

This report asks Council to approve changes to the Council's Constitution.

RECOMMENDATIONS

1. That Full Council approve the revisions to the Constitution listed in the report.

Wards Affected: None

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

Financial Impact

The recommendations in this report have no direct financial implications.

Alex Pygram, Head of Finance, Corporate Services - signed on 9 February 2023

Legal Implications

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

The legal considerations related to the Local Government (Disqualification) Act 2022 are incorporated within the body of the report.

Grant Deg, Assistant Director – Legal Services - signed on 9 February 2023

Background Papers Used in Preparing This Report

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

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure business is conducted in an efficient, transparent, and accountable manner.

2. In-year amendments were approved by Council to the Scheme of Delegation to Officers to reflect recent changes in organisational structure, legislation updates and changes to the responsibilities of Chief Officers.

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

Reasons for Decision

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

General Updates and Review

5. The Monitoring Officer has updated the constitution to remove some duplicate information, rearranged job responsibilities and tweaked the document for general administrative convenience.

Change of Name – Corporate Resources to Corporate Services

6. The Council has renamed its Corporate Resources department to Corporate Services. This report asks Full Council to formally approve this change and that the change be reflected throughout the Constitution.

Change to the Membership of the Chief Executive Appointments Panel

7. It is recommended that the membership of the Chief Executive Appointments Panel reduces from 12 to 5 members to bring it in line with the other panels.

   Membership (5 – 4:1) **Quorum: 3**

   - Leader of the Council
   - 3 members of the Executive (Cabinet)
   - Leader of the Opposition