

Cabinet

Agenda

MONDAY
12 FEBRUARY 2024
7.00 pm

GROUND FLOOR
145 KING STREET
LONDON W6 9XY

Watch the meeting
live on YouTube:
youtube.com/hammer-smithandfulham

Membership

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

Date First Issued
02 February 2024

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

Reissued
08 February 2024 to
add Urgent Report,
Item 11

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

PUBLIC NOTICE

The Cabinet hereby gives notice of its intention that it may want to hold part of this meeting in private to consider the exempt elements of item 10 which are exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972, in that they relate to the financial or business affairs of any particular person, including the authority holding the information.

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

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

DEPUTATIONS

Members of the public may submit a request for a deputation to the Cabinet on item numbers **4 -11** on this agenda using the Council's Deputation Request Form. The completed Form, to be sent to Katia Neale at the above address, must be signed by at least ten registered electors of the Borough and will be subject to the Council's procedures on the receipt of deputations. **Deadline for receipt of deputation requests: Wednesday 7 February 2024.**

COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published by **Tuesday 13 February 2024**. Items on the agenda may be called in to the relevant Accountability Committee.

The deadline for receipt of call-in requests is: **Friday 16 February 2024 at 3.00pm**. Decisions not called in by this date will then be deemed approved and may be implemented.

A confirmed decision list will be published after 3:00pm on **Friday 16 February 2024**.

Cabinet Agenda

12 February 2024

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3. DECLARATION OF INTERESTS	
<p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Standards Committee.</p>	
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This report has two appendices which contain information exempt within the meaning of Schedule 12A to the Local Government Act 1972 and are not for publication. The appendices have therefore been circulated with restrict access.

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

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LOCAL GOVERNMENT ACT 1972 - ACCESS TO INFORMATION

Proposed resolution:

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

London Borough of Hammersmith & Fulham

Cabinet

Minutes



Monday 15 January 2024

NOTE: This meeting was held remotely. A recording of the meeting can be watched at on YouTube at: <https://youtube.com/live/R--0yBFDqeE?feature=share>

PRESENT

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

ALSO PRESENT

Councillor Adronie Alford

1. MINUTES OF THE CABINET MEETING HELD ON 4 DECEMBER 2023

RESOLVED:

That the minutes of the meeting of the Cabinet held on 4 December 2023 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Rebecca Harvey and Councillor Bora Kwon.

3. DECLARATION OF INTERESTS

There were no declarations of interest.

4. TEACHING COMMISSION

The Leader invited Ms Denise Fox, Chair of the London Borough of Hammersmith and Fulham's (LBHF) Teaching Commission, and a lifelong Fulham resident who taught in the borough for 42 years and was a former Headteacher of Fulham Cross Girls School.

She stated that the commission was launched in 2020 and their recommendations followed extensive research and engagement with stakeholders. Ms Fox discussed the findings and recommendations of the LBHF Teaching Commission. Their findings concluded that the key issues could be broken down into national (teacher pay) and local factors. The local recommendations fell into six main key areas: Teacher Training and Personal Development, Health and Wellbeing, Flexible Working, Housing, Childcare and Parking. Their evidence had shown that focusing on recruitment and retention was crucial. She hoped that the Council would be able to take forward these recommendations. Ms Fox concluded by thanking the members of the commission, and the other people who contributed to it.

Councillor Alex Sanderson thanked the important work done by Ms Denise Fox and the commissioners to support the school community. She added that some of the recommendations in the report had already been implemented and the Council would be considering the others.

In reply to a question from Councillor Coleman, Ms Fox stated that it was difficult to say which of the recommendations were more important as schools were all very different, therefore they were all equally important.

The Leader acknowledged that to work 42 years in education in the Borough and still come back to help other teachers was heroic. And to nurture young minds was fundamental in a good society. He thanked Ms Denise Fox and the commissioners for this very solid piece of work. He added that the Council was working hard to provide affordable homes for teachers, which was also critical to help with teacher recruitment and retention.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

For Cabinet to note and comment on the recommendations produced by the Teaching Commission. The Teaching Commission report is attached as Appendix A.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

5. ALTERNATIVE PROVISION (AP) STRATEGY

Councillor Alex Sanderson introduced the report which was meant to ensure children and young people of compulsory school age could receive their education if they were unable to remain in their school some, or all of the time for any reason. This strategy was guided by feedback from their key stakeholders including young people and relevant practitioners and highlighted the priority areas around supporting young people at key points of transition.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

That Cabinet approves the Alternative Provision (AP) Strategy attached at Appendix 1.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

6. COUNCIL TAX SUPPORT SCHEME 2024/25

Councillor Rowan Ree stated that the Council had the third lowest Council Tax levels in the country. He was proud of the progressive Council Tax Support Scheme as nearly half the residents received discounts through it. Also the Council was one of only 34 Councils across England to not charge anything from the most vulnerable residents. This scheme also re-affirmed the Council's commitment to exempt from Council Tax war widows and war widowers, in addition to care leavers, students and those on the lowest incomes.

Councillor Adroine Alford acknowledged her full support to exempt war widows and war widowers from Council Tax.

The Leader stressed that the Council's budget had dropped considerably over the years, which was a real challenge to the Council, aggravated by the high increase in inflation. Therefore, to maintain a generous scheme like this under such circumstances not only was an achievement but also demonstrated great efficiency. He thanked Councillor Ree, Sharon Lea, the Chief Executive, and all officers who prepared the budget.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

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

1. That the Council Tax Support Scheme in operation in 2023/2024 (included at Appendix 1) shall continue in 2024/2025.
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 2024/2025.
3. That the Council shall re-affirm the discretionary disregards for War Pensions and War Widow(er)'s Pensions in order to safeguard the finances of war pensioners and war widow(er)s in both the Housing Benefit Scheme and the Council Tax Support Scheme.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

7. COUNCIL TAX BASE AND COLLECTION RATE 2024/25 AND DELEGATION OF THE BUSINESS RATE ESTIMATE

Councillor Rowan Ree introduced the report that looked at the properties in the Borough that were liable to Council Tax and noted that their number had increased to 2,177. It continued their police of charging Council Tax premium rates on dwellings unoccupied for a continuous period of time. An important change on the scheme this year was to exempt Care Leavers, Foster Carers and Special Guardianship Orders residing in the Borough from Council Tax.

The Leader stressed that Foster Carers were the “quiet heroes” in the Borough strengthening the community. The Council expressed its gratitude by exempting them from Council Tax payment. He also stated that putting a premium on empty properties was the right thing to do as they were a blight in the community. He urged owners to release their empty homes to ease the housing crisis.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

That Cabinet agrees to refer this report to Full Council and recommend approval by Full Council for the financial year 2024/25 of:

- a. The estimated numbers of properties for each Valuation Band as set out in this report.
- b. An estimated collection rate of 97.0%.
- c. The Council Tax Base of 86,113 Band “D” equivalent properties.
- d. The delegation of authority to the Strategic Director of Finance to determine the business rates tax base for 2024/25.
- e. That the Council charge the full relevant Council Tax premium allowed on dwellings unoccupied and substantially unfurnished for a continuous period of at least one year and properties designated as second homes, as soon as the legislation allows.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

8. CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2023/24 (SECOND QUARTER)

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

1. To note the net increase in forecast capital expenditure of £16.1m for 2023/24.
2. To approve the updated four-year capital programme for 2023-2027 of £662.2m as detailed in Appendix 1.
3. To approve additional £3.2m budget for capital works on various schools' sites, funded from schools' capital grants, as detailed in paragraphs 12-14.
4. To note the potential risks regarding the General Fund Programme, as summarised in paragraphs 23-28.
5. To note the potential risks regarding the Housing Capital Programme, as summarised in paragraphs 29-33.
6. To note prudential indicators presented in Appendix 5, as per Prudential Code requirements.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

9. REVENUE BUDGET REVIEW 2023/24 - MONTH 6 (SEPTEMBER 2023)

Councillor Rowan Ree introduced the report stating that the pressure of £5.1m had been identified in the budget and noted the contingency measures in place.

Councillor Adroine Alford asked reassurance that the Housing Revenue Account (HRA) would not use all of the Reserves fund. Councillor Ree replied that this was an important issue they were keeping a close eye on and would only use it when strictly necessary. But they had set a limit on the Reserves spent and were sticking to it rigidly.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

1. To delegate authority to the Strategic Director of Finance, in consultation with the Cabinet Member for Finance and Reform, to take all decisions necessary to facilitate the closing of the final accounts.
2. To note the General Fund financial forecast at month 6.
3. To note that the position on the Housing Revenue Account (HRA) as set out in paragraph 12.
4. To note the in-year Dedicated Schools Grant High Needs Block forecasted surplus of £0.401m (thereby reducing the cumulative deficit).
5. To approve General Fund budget changes totalling £0.061m as detailed in Appendix 10. This is being funded using one-off use of earmarked reserves.
6. To approve the proposal to refund to council tenants, the commission on the collection of water charges as set out in paragraph 14 of this report.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

10. ANNUAL EMERGENCY PLANNING & BUSINESS CONTINUITY REPORT

The Leader introduced the annual report providing an overview of activity over the previous year and the priorities for the forthcoming year to respond to emergencies; and to have business continuity arrangements in place to reduce the risk of service disruption. The Council had responsibilities under the Civil Contingencies Act 2004 to plan and respond to emergencies that needed continuous updating. The last pandemic was a sobering alert to the need to be prepared.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

1. That Cabinet notes the report which looks back on work undertaken over the last 12 months (running 01/10/22 to 30/09/23) and the dynamic work plan for the remainder of 2023/2024.
2. To note that there are no actions requested of Cabinet in this report.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

11. SERIOUS VIOLENCE DUTY - STRATEGY AND STRATEGIC NEEDS ASSESSMENT

Matthew Hooper introduced the report to agree the Council's Serious Violence Duty Strategy. Under the new Duty, this Strategy would need to be published on the Council's website by the end of January 2024. They worked together with partners, including young people, the voluntary and community sector, businesses, the Metropolitan Police, Health colleagues and the Youth Justice Service to identify their concerns about serious violence across the Borough. The recommendations were produced from the data trends in the needs assessment and the consultation responses.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

1. That approval be given to the contents and publication of Hammersmith & Fulham's Serious Violence Duty Strategy.
2. To note that once the Strategy has been approved an accessible version of the strategy will be developed to be published at the same time.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

12. DECISION TO ACQUIRE LILLIE ROAD ROUGH SLEEPERS HOSTEL

Councillor Francis Umeh stated that with the rise of people sleeping rough it was important to ensure that vulnerable homeless residents had access to supported accommodation, therefore it was vital to acquire the property in Lillie Road. The property was currently a hostel building that had formed part of the Council's commissioned single homeless and rough sleeping pathway for several years, providing thirteen bed spaces. Following the conclusion of a robust options appraisal the decision to buy this property was the best option available to the Council in the current circumstances.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

1. To note that Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve the purchase of the property on Lillie Road named in the exempt Appendix 1 for the total purchase price as set out in the exempt Appendix 1.
3. To note that the acquisition is to be funded by a combination of General Fund borrowing and grant from the Greater London Authority, and therefore approve the creation of a capital budget as detailed in exempt Appendix 1.
4. To authorise the Strategic Director of Economy in conjunction with the Assistant Director of Legal Services to enter a contract for the sale and

transfer deed for the purchase of the property, subject to a positive conclusion to the due diligence process.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

13. ACQUISITION OF AFFORDABLE HOMES - QUAYSIDE LODGE

Councillor Andrew Jones introduced the report setting out an opportunity for the Council to acquire 37 new affordable homes within a development, that was currently finishing construction and at a commercially advantageous price. It was important to note the acquisition of family sized homes supporting the Council's objectives under the emerging family housing strategy. This acquisition would give a positive impact on the HRA position on the long term.

In reply to a question from Councillor Alford , Councillor Jones said that the timescale for acquiring these properties would be short. Possible by May or June on the current year.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

1. Notes that Appendices 1 and 2 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)
2. Approves the council's acquisition of 37 homes and 4 disabled parking spaces in Quayside Lodge development funded by the HRA at the price set out in Appendix 2 (exempt) in line with the Heads of Terms set out in Appendix 1 (exempt).
3. Approves a capital budget envelope for this proposed acquisition, as set out in Appendix 2.
4. Authorise the Strategic Director for the Economy, advised by and in consultation with the Director of Finance and Assistant Director of Legal Services, to:
 - a. finalise an Agreement for Lease and other contractual terms (including minor amendments to the Head of Terms) and enter into binding contracts for the purchase of the 37 affordable homes;

- b. enter into all necessary legal agreements including Agreement for Lease and arrangements around share of freehold;
- c. Note the outcome of the due diligence process and proceed with the acquisition if it is materially beneficial to the council; and
- d. Negotiate any modifications, alterations, or additions to the existing Planning permission and planning agreement which might be necessary or desirable, including conversion of affordable homes to more genuinely affordable tenures.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

14. AWARD OF THE HOME CARE AND INDEPENDENT LIVING SERVICE CONTRACTS

Councillor Ben Coleman stated that Hammersmith & Fulham was the only borough taking the decision to abolished charges for care at home for elderly and Disabled residents since 2015. The Council intended to also be the best borough in terms of quality of the care provided to residents, both in their own home and in the Borough's care homes. The Council's vision was of achieving "100 per cent perfection".

He highlighted that a new approach was taken to divide the Borough into six neighbourhoods or patches, with two providers operating in each patch, making 12 contracts in all. This would enable the Council to control risks and their performance more effectively.

Councillor Coleman added that they would continue to pay all independent living workers at the London Living Wage (LLW) as a minimum, including for their travel time between visits.

AGREED UNANIMOUSLY BY THE CABINET MEMBERS:

That Cabinet:

- 1. Notes that Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

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2. Approves the award of 12 (twelve) contracts to 7 (seven) providers for the delivery of a Home Care and Independent Living service in Hammersmith and Fulham for an initial five-year term from 1 June 2024 until 31 May 2029, with the option to extend for up to a further period of two years for a total of seven years. The total value of this contract over the five-year term is estimated at £55.5m and over the seven-year term is estimated at £77.7m
 3. Approves an increase to the rates paid under existing bridging provision with Healthvision and Graceful Care to match their contracted rate as set out in the report giving a total value of £20.3m and £28.4m over 5 and 7 years respectively. These two providers are the only current bridging providers to be awarded contracts as a result of this tender exercise.
 4. Notes the additional funding of £4.2m in 2024/25 (subject to the approval of the Budget for 2024/25 by Full Council in February 2024).

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

15. FORWARD PLAN OF KEY DECISIONS

The Key Decision List was noted.

16. DISCUSSION OF EXEMPT ELEMENTS (ONLY IF REQUIRED)

There was no discussion of exempt elements.

Meeting started: 7.04 pm
Meeting ended: 7.50 pm

Chair

Agenda Item 4

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 12/02/2024

Subject: Strengthening Education Provision in Hammersmith and Fulham

Report of: Councillor Alex Sanderson, Cabinet Member for Children and Education

Report author: Peter Haylock, Operational Director Education and SEND

Responsible Director: Jacqui McShannon, Strategic Director Children's Services

SUMMARY

The Strengthening Education Provision in Hammersmith & Fulham plan outlines the steps that are needed to support sustainable primary school provision across the borough. Its recommendations were developed by a steering group consisting of the council and its education partners, including school leaders, local academy trusts, unions and other key stakeholders.

Over several years there has been a significant reduction in primary school pupil numbers. This has been caused by several factors, including a significant decrease in the birth rate. This issue is a national issue and more acute in the Greater London region.

The impact of falling rolls is significant for schools as funding is provided for schools on a per pupil basis. This means that if there are fewer pupils in a school there will be less funding to the school to provide the education for all pupils.

RECOMMENDATIONS

1. To approve the Strengthening Education Provision in Hammersmith and Fulham attached at Appendix 1.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	Ensuring a sustainable primary school provision across Hammersmith & Fulham so that all young people can succeed.
Creating a compassionate council	Securing, maintaining and future proofing the good and outstanding education provision in Hammersmith &

	Fulham for the benefit of children and young people.
Doing things with local residents, not to them	Listening and responding to feedback from Hammersmith & Fulham education partners, including co-producing the plan.
Being ruthlessly financially efficient	Building a sustainable primary school economy that continues to deliver good outcomes and is financially sustainable.
Taking pride in H&F	Delivers the vision of ensuring children and young people lead happy, healthy, and fulfilling lives and achieve their life goals.
Rising to the challenge of the climate and ecological emergency	The plan will provide certainty to primary school partners and support a planned approach to improving the condition of schools, including carbon mitigation initiatives.

Financial Impact

There are no direct financial implications for Council resources as a result of this plan. The approach will assist with sustainable delegated budgets in line with the National Funding Formula for mainstream schools which are funded in relation to the numbers of pupils on roll.

Financial implications completed by Tony Burton, Head of Finance, Children's Services and Education, 08 January 2024.

Verified by Sukvinder Kalsi, Strategic Director of Finance, 02 February 2024.

Legal Implications

The proposals outlined in the report comply with section 13 of the Education Act 1996 which places a duty on a Local Authority to ensure sufficient primary and secondary education provision is available to meet the needs of the population in its area.

Implications completed by Jade Monroe, Chief Solicitor, Social Care. 29 December 2023.

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

1. Hammersmith & Fulham schools have a strong track record of educational success. In December 2023, 100% of Hammersmith & Fulham schools were rated good or outstanding by Ofsted. The continued strong performance of our schools has consistently delivered outcomes for Hammersmith & Fulham pupils above the national average in both primary and secondary schools.
2. The local authority has a responsibility to ensure that we have an appropriate primary school organisation plan that can support all schools to meet the needs of all children and young people. There has been action taken by H&F and local partners in partnership and consultation to address the declining school roll challenge which are outlined within the paper.
3. This paper sets out a series of recommendations developed by a Steering Group consisting of the council and its education partners, including school leaders, local academy trusts, unions and other key stakeholders to ensure that our primary school provision is sustainable both in terms of maintaining academic standards and financially:

No	Recommendation
1	Reduce the overall PAN in a phased approach. The initial phase should reduce PAN to approximately 1400 by September 2024, with the potential to implement a second phase from September 2025 and / or September 2026 if Reception cohort projections remain at or below 1200.
2	That the use of temporary capping is not an appropriate medium-term strategy to manage the reduction in demand for primary school places and that formal reductions in PAN should be progressed.
3	That consultations should take place on PAN reductions at schools that have been capped for Reception entry in September 2023, with the caveat that there should remain at least one secular two form entry option in each locality.
4	That amalgamation should be considered before closure to provide greater certainty and continuity for pupils. The Steering Group considers that amalgamation or closure of schools should only be considered in the following circumstances: (a) Where school specific circumstances, which may relate to leadership, educational provision, or financial sustainability, suggest to the local authority, Diocese or academy trust as appropriate that the school may not remain viable; or (b) Where there are not appropriate options within the locality to reduce PAN so that there is a projected surplus of less than 15%.
5	That the future reduction in PAN should approximately reflect the relative size of the secular, Church of England, and Catholic provision. No reduction in Church of England provision is required as two forms of entry was removed with the closure of Ark Burlington Danes Primary. However, the reduction in Catholic provision is required.

6	<p>In support of our H&F school workforce:</p> <ul style="list-style-type: none"> ▪ That the LA and other responsible bodies should provide support for school leadership teams to develop medium-term financial and HR strategies where the PAN is proposed to reduce. ▪ All schools in H&F, irrespective of status should give interviews to suitable applicants from H&F schools that are formally reducing in size (i.e., following a PAN reduction) or which are proposed for amalgamation or closure. ▪ A responsible body proposing closure of a school should ensure that the school continues to have effective leadership during the period of closure and provides support to staff for securing future roles.
7	That any actions should take place within the specific localities identified and that these would need to be coproduced with key stakeholders.

Option 1 – Approve and publish the H&F Strengthening Education Provision in Hammersmith (Recommended)

4. The plan sets out a strategic approach to strengthening primary education provision in H&F. This option is recommended.

Option 2 – Do not approve and publish the H&F Strengthening Education Provision in Hammersmith (Not recommended)

5. This option will not result in the delivery of the local area priorities for improving the life chances of children and young people through the delivery of high-quality education provision. Delaying the recommendations co-produced by education partners is likely to have an adverse impact on local primary schools and their continued delivery of good and outstanding provision, as well as outcomes for H&F children and young people. This option is not recommended.

Reasons for Decision

6. This decision is required in dispensation of H&F's responsibility to ensure the sufficiency of primary school places.

Equality Implications

7. There are no direct negative equality implications for groups with protected characteristics, under the Equality Act 2010, by the approval of the plan to strengthen primary education provision in H&F.

Risk Management Implications

8. The report recommends adopting and approving the recommendations made in the Strengthening Education Provision in Hammersmith & Fulham plan, which has been co-produced with key stakeholders including, headteachers, unions, local academy trusts and other responsible bodies. The plan aims to address the issue and risks associated with falling school pupil numbers in primary schools with a view to working with schools and school leaders to support sustainable

primary school provision across the borough. This is in line with the Council's objectives.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 8 January 2024

Climate and Ecological Emergency Implications

The recommendation provides a plan to develop a suitable model for primary school provision in H&F. This will provide certainty for school partners and support medium to long-term planning. This will also support the ongoing work by the H&F Education Service and Climate Emergency Unit to co-produce a schools decarbonisation plan with our H&F schools.

Approved by Hinesh Mehta, Assistant Director Climate Change, 20/12/2023.

Consultation

The strengthening education provision plan was co-produced via a Steering Group including primary and secondary headteachers from across the sector; unions; academy trusts and other responsible bodies for schools in H&F.

LIST OF APPENDICES

Appendix 1: Strengthening Education Provision in Hammersmith and Fulham

APPENDIX 1 - STRENGTHENING EDUCATION PROVISION IN HAMMERSMITH & FULHAM

A PARTNERSHIP PLAN TO FUTURE PROOF AND BUILD ON THE OUTSTANDING PROVISION IN H&F

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INTRODUCTION

Hammersmith & Fulham schools have a strong track record of educational success. In December 2023, 100% of Hammersmith & Fulham schools were rated good or outstanding by Ofsted. Many of the schools in Hammersmith & Fulham are amongst the best 10% of state funded schools in the country. The continued strong performance of our schools has consistently delivered outcomes for Hammersmith & Fulham pupils above the national average in both primary and secondary schools.

There are many factors that have contributed to this continued strong performance, but the main reason behind this achievement is the hard work of our teachers, leaders, governors, pupils, and parents. This performance has been hard won and we must now do all we can to protect the high standards our pupils deserve and to which we have become accustomed.

However, all schools across London are facing serious funding challenges brought about by a decline in pupil numbers. School funding is driven by pupil numbers: the more pupils a school has on roll, the more funding it receives. Unused or vacant school places create an immediate cost for schools through reduced budgets, which in turn can affect the overall sustainability and quality of education standards at the school.

Factors that have contributed to this decline include a fall in birth rate, the uncertainty brought about by Brexit causing some families to leave the UK, the affordability of housing meaning that families are now priced out of the area and more recently, the COVID pandemic demonstrating to more families how they can work in London while living further afield.

In H&F, we have seen a decline of 260 reception age pupils over the last eight years. To address this issue, H&F has been working with local schools and other key stakeholders to turn the issue of fewer children requiring school places as an opportunity to focus on maintaining high-quality education in the future by continuing to commit to:

- Redevelop ageing school sites to provide primary schools that are fit for the future through the pioneering Community Schools Programme.
- Improve the fabric of the school estate with the multi-million five-year school capital plan.
- Lobby the Department for Education to ask for schools to be fairly funded to allow schools to remain open. Smaller class sizes can improve the educational experience and outcomes for local pupils.
- Improve the quality of SEND provision with the SEN Special School Organisation and Capital plan.
- Actively encourage schools to work together through partnerships, rather than compete for school places, to manage falling school numbers and only see school closures as a last resort. If a school does have to close then we will find a place for every child in another, excellent school in the local area.

This plan is based on recommendations developed by a Steering Group consisting of the council and its education partners, including school leaders, local academy trusts, unions and other key stakeholders. The plan follows the principles outlined above and should be read within the context of the 2023 School Organisation Plan.

BACKGROUND ON DECLINING SCHOOL ROLL

Historically, there has been a repeating cycle of rising and falling births with, with an around a 25-year period between peaks. The peak of the most recent cycle was in 2012 and since there has been a national long-term declining trend in birth rates, with this being more acute in London. Between 2012 and 2021 live births fell by 14.4% nationally, by 20.1% in inner London, and 18.9% fall in Hammersmith & Fulham.

Area	Births 2012	Births 2021	Difference	% Change
Hammersmith and Fulham	2,646	2,146	-500	-18.9
Inner London	53,965	43,120	-10,845	-20.1
London	134,037	110,961	-23,076	-17.2
England & Wales	729,674	624,828	-104,846	-14.4

Table 1: Comparison of births

There have also been significant changes in the pattern of international migration with a large reduction in migration from EU countries after 2016, partially, but not fully, offset by increased immigration from non-EU countries. In 2022 1.2 million people migrated into the UK and 557,000 people emigrated from it, leaving a net migration figure of 606,000 as of the end of June 2022. The provisional estimate of total long-term immigration for year ending (YE) June 2023 was 1.2million, while emigration was 508,000, meaning that net migration was 672,000; most people arriving to the UK in the YE June 2023 were non-EU nationals (968,000), followed by EU (129,000) and British (84,000).

According to the 2021 census, in Hammersmith & Fulham, the population size has increased slightly (0.4%), from around 182,500 in 2011 to 183,200. This is lower than the increase for England (6.6%), where the population grew by nearly 3.5 million to 56,489,800. This is the fourth lowest population increase across all London Boroughs. There has been an increase of 15.2% in people aged 65 years and over, a decrease of 0.5% in people aged 15 to 64 years, and a decrease of 4.2% in children aged under 15 years. There has also been a significant decrease of people aged between 20 and 44, those most likely to have children. Overall, the number of children aged 0-4 has decreased by 24% this is linked to a reduced birth rate and migration out of Hammersmith & Fulham by families.

There are several potential hypotheses for the reasons why there has been a reduction in the number of families and children in Hammersmith & Fulham:

- The birth rate in the borough has decreased.
- The borough has high property prices. The average house price in Hammersmith and Fulham is in excess of £790,000, compared to a London average of £532,000, with family homes even more expensive. Since the pandemic there has been a change in working patterns, which has meant that people are less likely to travel daily to the office. This could mean that families are choosing to live further out of London.
- Brexit may have led to families leaving the UK to return to the EU and contributed to the reduction in families migrating from Europe to London.
- Rents in the borough are high, which can cause problems for some families reliant on benefits and universal credit. This can lead to families needing to migrate

further out of London for cheaper properties. Hammersmith & Fulham has the 6th highest average rent price in London, equating to £1907 per month.

- Recent private housing developments, particularly those given planning consent under previous local plans, have tended to favour smaller properties with larger numbers of one- and two-bedroom flats being built. This is not likely to significantly increase the number families living in the Hammersmith and Fulham.
- There is are insufficient affordable family homes within H&F. The H&F housing strategy notes that there are currently over 2,500 households on the housing register (Aug 23). Around three quarters of these households (c. 1,900) are defined as 'families'. Half of the families on the waiting list (c. 950) require 3 or more bed homes. Of those that are also in temporary accommodation, 312 (34%) of all households require a home of 3 or more beds. To address this, the Council is now building more new affordable homes than at any point in recent history. However, demand will likely still outstrip supply for some time.

The combination of declining birth rates and changes to migration patterns, both internationally and internal migration within the UK, has led to a declining trend in demand for primary school places in recent years, which is expected to later affect the demand for secondary school places over time. School roll projections suggest this trend will continue for some years as smaller cohorts enter schools and replace larger older cohorts and with population projections suggesting only a slight increase in birth rates later in the decade.

For the Primary phase:

- Surplus in the south of the borough is forecast to increase to as much as 34% by 2031. The gap between places and pupils could be 1800 by 2031.
- In the north there will be a gradual increase to a 24% surplus by 2031. The gap between places and pupils could be 800 by 2031.

For the secondary phase surplus place are projected to increase from 663 (8%) in 2022 to 1496 (18%) by 2031.

Hammersmith & Fulham is not unusual in facing declines in projected pupil numbers. The chart below shows the projected change in Reception pupil numbers between 2022/3 and 2026/7, with all London Boroughs except two projected to experience a decline and with Hammersmith & Fulham close to the London average of a 7.3% decline (source: [London Councils \(2023\): Managing School Places Report](#)). The chart below shows the projected change in Reception pupil numbers between 2022/3 and 2026/7, with all London Boroughs except two projected to experience a decline and with Hammersmith & Fulham close to the London average of a 7.3% decline (source: [London Councils \(2023\): Managing School Places Report](#)).



Table 2: The percentage change in projected Reception pupil numbers 2022-2026

Across London, a range of strategies are being pursued to help manage the declining trend in pupil numbers including:

- Informal caps to Reception intake numbers
- More formally permanently changing a school's Pupil Admission Number (PAN), which is the number of places available. This can help provide stability in numbers to support schools' business planning.
- Collaborative arrangements such as Federations that can achieve economies of scale.
- 'Amalgamations' where two schools 'merge' to become a single school (technically both predecessor schools close).
- School closures. The number of primary schools declined, nationally, from 1817 in 2018 to 1798 in 2022, a reduction of 29 or 1.6% (a figure that includes some new schools opening. In London alone, since 2018, 21 primary schools have closed completely or as the result of amalgamation.

WHAT HAS HAPPENED TO DATE

The local authority has a responsibility to work with schools and other partners to ensure that we have an appropriate primary school organisation plan that can support all schools to meet the needs of all children and young people. There has been action taken by H&F and local partners in partnership and consultation to address the declining school roll challenge, including:

- Temporary capping of PANs to remove 30 places per year per school at several schools across LBHF.
- Amalgamation of Ark Burlington Danes Academy with Ark Swift Academy to form Ark White City from September 2023. This will result in the removal of 60 Church of England places per year group in Locality 1 (North).
- The closure of Lena Gardens School by Elliot Foundation. This resulted in the removal of 30 secular places per year group at the end of 2018/19 academic year in Locality 2 (Hammersmith).
- PAN reduction at St Thomas of Canterbury from the 2022/23 academic year in locality 3 (Fulham North) which removed 30 Catholic places per year group.
- PAN reduction at Old Oak from the 2024/25 academic year in locality 1 (North) – removed 30 secular places per year group; and
- The net effect has been to reduce the Reception PAN from a high of 1708 in 2019/20, to 1603 for 2023/24 and 1573 from 2024/25.

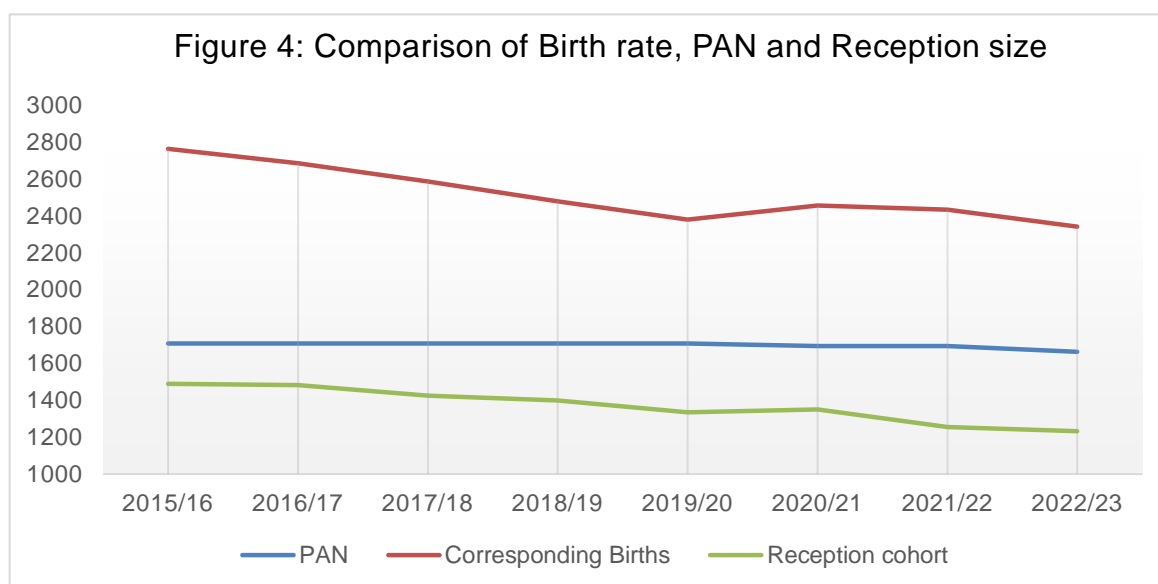
THE CURRENT CONTEXT

There has been a significant decrease in births across Inner London, along with other contributing factors, including the UK exit from the EU, and the Covid pandemic, resulting in a significant decrease in primary school reception numbers across London. This trend is also having an impact on Hammersmith & Fulham schools:

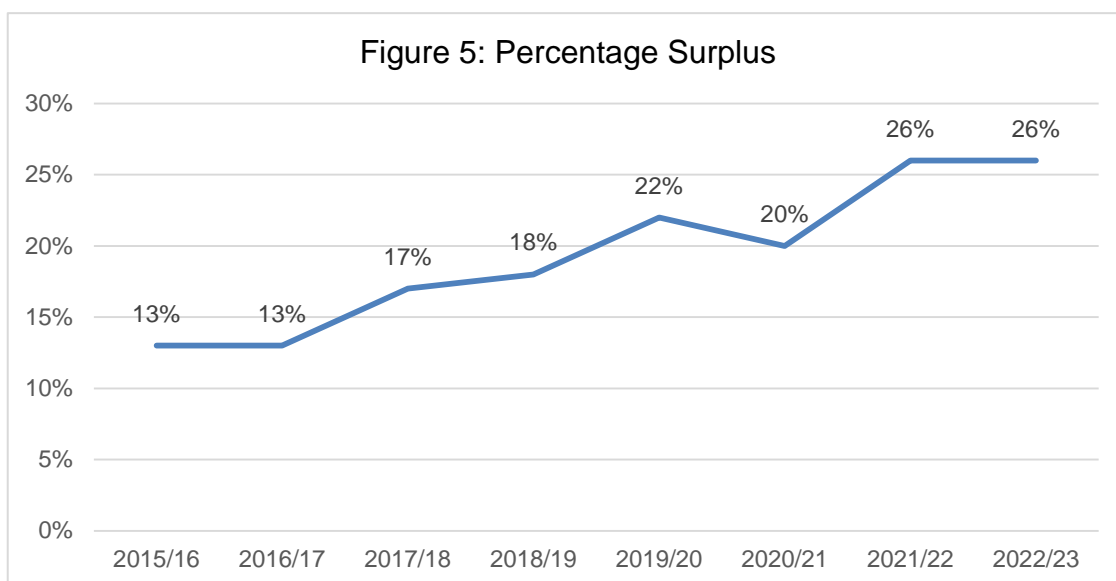
- Reception cohort has been decreasing since a peak of 1490 in 2015/16, to 2022/23 it was 1233.
- Available places (known as PAN – Pupil Admission Number) has dropped from 1708 to 1603 (for Sept 23) and will drop to 1573 in Sept 24. In addition to this, capping has been put in place at other schools.
- Reception numbers are forecast to continue to drop, remaining below 1200 from 2024/25 until the end of the decade.

Reception Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
PAN	1708	1708	1708	1708	1708	1693	1693	1663
Corresponding Births	2760	2682	2583	2477	2377	2454	2431	2340
Reception cohort	1490	1482	1426	1400	1335	1350	1256	1233
Yr as % of births	54%	55%	55%	57%	56%	55%	52%	53%
Surplus places	218	226	282	308	373	343	437	430
Percentage Surplus	13%	13%	17%	18%	22%	20%	26%	26%

Table 3: Historic comparison of PAN, births, reception, and surplus places



The graph above shows us that the number of corresponding births to the number of places available in schools (PAN – pupil admission number) and the reception cohorts. The number of births and reception cohorts have significantly decreased. The PAN has only reduced by 2.5%. The impact of this is a significant increase in surplus places:



For projection purposes, the borough has historically been split into two planning areas, one which covers the north of the borough (locality 1 in this paper), and one which covers the rest of the borough (localities 2 – 4 in this paper). Reception forecasts for those planning areas and the current PANs are shown below:

		Reception Cohorts				
Planning Area	PAN	2018/19	2019/20	2020/21	2021/22	2022/23
North	540	516	454	465	422	452
South	1063	875	881	885	834	781
		Forecast				
Planning Area	PAN	2023/24	2024/25	2025/26	2026/27	2027/28
North	540	405	397	396	393	390
South	1063	811	808	767	770	739

Table 6: Reception cohort by historic planning areas

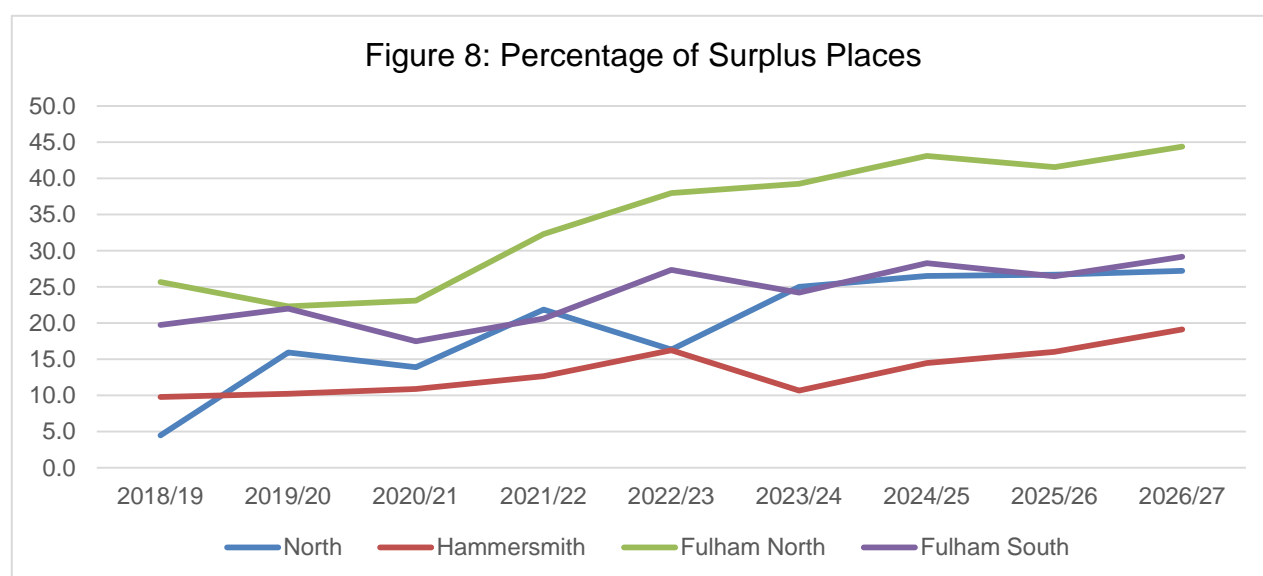
The planning area south covers a large proportion of the local authority, both in terms of pupil numbers and population. To support improved place planning, it was decided to take the optimal approach and split the south planning area into three distinct areas. This would enable the creation of a clear strategy across the local authority by interrogating the data on school rolls in specific geographical locations. The four areas used to analyse school rolls in this report are the North, Hammersmith, Fulham North, and Fulham South.

Aggregating the GLA's 2022 school level projections into the four localities gives future forecasts of:

		Reception Cohorts				
Planning Area	PAN	2018/19	2019/20	2020/21	2021/22	2022/23
North	540	516	454	465	422	452
Hammersmith	450	406	404	401	393	377
Fulham North	390	290	303	300	264	242
Fulham South	223	179	174	184	177	162
		Forecast				
Planning Area	PAN	2023/24	2024/25	2025/26	2026/27	
North	540	405	397	396	393	
Hammersmith	450	402	385	378	364	
Fulham North	390	237	222	228	217	
Fulham South	223	169	160	164	158	

Table 7: Reception cohort by local planning area

If no action is taken the number of surplus places in each planning area would be unsustainable:



This, along with a reduction in real terms funding for schools, has meant that primary schools across H&F are facing very difficult financial circumstances and are having to make difficult decisions in terms of sustaining their future.

H&F and its partners are committed to protecting the high quality of education in the local area, keep our schools open where possible, maintain parental choice, and minimise movement between schools. As the number of children in a class reduce, so does the income the school receives, resulting in the cost of teaching staff, equipment, and enrichment activities becoming unaffordable. In some cases, it will not be practical for the school to function with declining pupil numbers and the offer to the remainder will also be impacted. This is analysed further in the section below.

SHARED AIM FOR THE FUTURE

This plan is based on recommendations developed by a Steering Group made up of H&F school partners to protect and strengthen the delivery of quality education for pupils. The aim of this plan is to ensure school places are sufficient in number, character, and to maintain our present diversity of provision.

The overall objective is to provide all pupils with the opportunity of receiving a good quality education. Along with maintaining parental choice of schools with the aim of providing a good, local school place for every pupil in H&F. To be able to achieve this, our schools need to be financially sustainable in the medium and long term. The only way this can be achieved is through a process ensuring that we have the right number of schools in the right places.

The strategy will provide a coordinated approach across the borough, which will adjust the number of school places to match capacity and enable the admissions process to support any pupil place movement across schools in a way that is managed effectively for children and families.

This strategy proposes to make changes in a series of phases to minimise disruption and distress to children and families, communities, and staff. This is intended to help promote stability and help families plan.

The initial Steering Group, set up to review this situation, involved a range of education partners, including school leaders, local academy trusts, and other key stakeholders. It is intended that the implementation of this strategy will provide a fair and transparent process that anticipates and mitigates any potential disproportional impact on communities. We know our schools are the heart of our communities and that a decision to make any changes to a school can have an impact that can reach beyond the school itself.

ANALYSIS OF THE IMPACT OF DECLINING ROLLS ON H&F SCHOOLS

As the number of children in a class reduce, so does the income the school receives, resulting in the cost of teaching staff, equipment, and enrichment activities becoming unaffordable. In some cases, it will not be practical for the school to function with declining pupil numbers and the offer to the remainder pupils will also be impacted.

The per pupil funding for primary schools in 2024/25 will be on average £6,519 per pupil. This is the amount each primary school loses for each empty place. Based on the figure of 430 surplus places in 2022/23 this could be around £2.8m in lost funding for H&F primary schools.

Most primary school classes should operate with 30 children. If a class has ten less children, this leads to a reduction in funding of approximately £65,000. This significant decrease in funding would mean that there are far less resources available to support the children in class with Headteachers required to make very difficult decisions to balance the budget. Often, the reduction in resources leads to a reduction in staff numbers as approximately 75% of school budgets are spent on staffing. This can lead to significant capacity issues in schools because there are less staff available to complete key tasks. This is not an easy issue to resolve and the longer-term impact of these could be a

decline in academic standards, behaviour management and an inability to offer the whole curriculum. This could have a knock-on impact on the number of schools achieving good or outstanding in their Ofsted inspections.

If staffing is reduced this could also have a significant impact on the enrichment activities that schools are able to offer. This could have a significant impact on pupils with a reduction in activities such as music, drama, sports, and arts. Having less staff available to support with trips and activities could also lead to a reduction in these opportunities for pupils. Hammersmith and Fulham schools provide fantastic opportunities for pupils these should be enhanced not reduced.

If no action is taken to manage the surplus supply of primary places, and if the affected schools in turn took no action to reduce their expenditure in response to declining rolls, gross expenditure could exceed income across the local authority.

We have seen a decrease in primary school reserves over time. A £2.963m decrease in primary school reserves was recorded as of the 31 March 2023, with four schools currently in deficit and only three primary schools increasing their reserves. From 2019/20 to 2023/24 £0.9m was provided to schools to support declining rolls and to provide contingency. The H&F Schools Forum has agreed to set aside £0.200m per year from the overall school's budget to support declining rolls and contingency.

Hammersmith and Fulham has an ageing school estate. There is a five-year capital plan in place to improve the fabric of the school buildings, however significant further investment is required to be able to achieve this. A continued reduction in pupil numbers will mean a potential reduction in any grant funding to be able to achieve this.

The nature of the school estate and the reduction in pupil admission numbers (PAN) mean that if there was to be a sudden and unexpected increase in children requiring primary school places it would be possible to remove some of the caps in admissions that have been introduced so that schools could add additional forms of entry to enable the admission needs to be met.

Doing nothing is not an option. Several primary schools are facing a really challenging financial situation already and are having to set deficit budgets. This is difficult for any school as any deficit budget must be agreed and a recovery plan put in place as to how this will be recouped in future years. This will continue to create strain on the school and their ability to deliver the educational provision that they would want to provide for children and young people. In some cases, this has led to schools having to mix year groups in the same class, in others it has led to the reduction in the number of teaching assistants that are available to support children and young people. In all schools there has been an increasing workload on staff and the additional strain that this creates impacts the turnover of teaching staff. Doing nothing would likely see the erosion of educational standards across our schools.

PLAN TO STRENGTHEN EDUCATION PROVISION IN H&F

As highlighted above, a Steering Group of education partners was mandated to explore and recommend options to manage the declining schools rolls in H&F. The steering group was consultative, seeking to benefit from the range of perspectives and knowledge of local education partners. The group met on four occasions to review data and discuss possible options.

The Steering Group's co-produced recommendations are as follows:

1. The overall PAN should be reduced in a phased approach. The initial phase should reduce PAN to approximately 1400 by September 2024, with the potential to implement a second phase from September 2025 and / or September 2026 if Reception cohort projections remain at or below 1200.
2. The use of temporary capping is not an appropriate medium-term strategy to manage the reduction in demand for primary school places and that formal reductions in PAN should be progressed.
3. That consultations should take place on PAN reductions at schools that have been capped for Reception entry in September 2023, with the caveat that there should remain at least one secular 2FE option in each locality.
4. That amalgamation should be considered before closure to provide greater certainty and continuity for pupils. The Steering Group considers that amalgamation or closure of schools should only be considered in the following circumstances:
 - a. Where school specific circumstances, which may relate to leadership, educational provision, or financial sustainability, suggest to the local authority, Diocese or academy trust as appropriate that the school may not remain viable; or
 - b. Where there are not appropriate options within the locality to reduce PAN so that there is a projected surplus of less than 15%.
5. That the future reduction in PAN should approximately reflect the relative size of the secular, Church of England, and Catholic provision. No reduction in Church of England provision is required as 2FE was removed with the closure of Ark Burlington Danes Primary. However, the reduction in Catholic provision is required.
6. It was recommended that:
 - The LA and other responsible bodies should provide support for school leadership teams to develop medium-term financial and HR strategies where the PAN is proposed to reduce.
 - All schools in H&F, irrespective of status should give interviews to suitable applicants from H&F schools that are formally reducing in size (i.e. following a PAN reduction) or which are proposed for amalgamation or closure.
 - A responsible body proposing closure of a school should ensure that the school continues to have effective leadership during the period of closure and provides support to staff for securing future roles.

7. The final recommendation was that any actions should take place within the specific localities identified and that these would need to be coproduced with key stakeholders.

These have been identified within the relevant locality areas.

A. Within Locality North:

The cohort size in this locality will need to be monitored and, if they drop as the forecasts suggest, to agree a cap and then PAN reduction at one or possible two further schools, (which would reduce PAN in the locality to 480 if one school or 450 if both).

Map Key	School Name	Designation
3	Ark Bentworth	Ark
4	Ark Conway	Ark
5	Ark White City	Ark
11	Good Shepherd RC	Voluntary Aided
12	Greenside Primary School	Elliot Foundation
15	Kenmont Primary School	Federation LA
19	Miles Coverdale Primary	LA Maintained
21	Old Oak Primary School	LA Maintained
25	St John XXIII Catholic Ac.	St John Southworth
30	St Stephen's CofE Primary	Voluntary Aided
34	Wendell Park Primary	Federation LA
36	Wormholt Park Primary	Federation LA

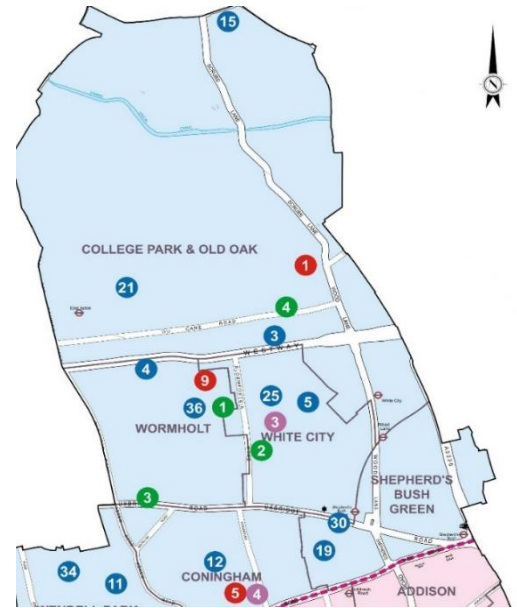


Table 9: The North Planning Area

B. Within Locality South 1: Hammersmith. The LA will continue to monitor pupil numbers and projections in the area to ascertain whether further action is required. Based on current information, the two most likely options would be a reduction in PAN at one further school the merger of two schools or a school closure.

Map Key	School Name	Designation
1	Addison Primary School	LA Maintained
6	Avonmore Primary School	Fox Federation LA
7	Brackenbury Primary School	Federation LA
8	Earl's Court Free School	Knowledge School
9	Flora Gardens Primary	LA Maintained
14	John Betts Primary School	Voluntary Aided
17	Larmenier & Sacred Heart Catholic	Voluntary Aided
27	St Mary's Catholic Primary	Voluntary Aided
28	St Paul's CofE Primary	Voluntary Aided
29	St Peter's Primary School	Voluntary Aided
35	West London Free School	Knowledge School



Table 10: Locality South 1 - Hammersmith

C. Within South 2: Fulham North. The LA continues to monitor pupil numbers and projections in the area to ascertain whether further action is required. There is the potential for significant changes to be required to reduce PAN by 90 (3 forms of entry) in this local area through either school amalgamations or school closures. The local authority and its partners should proactively explore these options.

Map Key	School Name	Designation
2	All Saints C of E Primary School	Voluntary Aided
10	Fulham Primary	United Learning
18	Melcombe Primary School	LA Maintained
20	Normand Croft Community School	LA Maintained
22	Queen's Manor School and Special Needs Unit	United Learning
23	Sir John Lillie Primary School	LA Maintained
24	St Augustine's RC Primary	Voluntary Aided
26	St John's Walham Green C of E	Voluntary Aided
31	St Thomas of Canterbury Catholic Primary School	Voluntary Aided



Table 11: Locality South 2 – North Fulham

D. Within South 3: Fulham South. The recommendation is that local academy trusts consider options for their school organisation plan.

Map Key	School Name	Designation
1	Fulham Bilingual	VA
13	Holy Cross	VA
16	Langford Primary	United Learning
32	Sullivan Primary	United Learning
33	Thomas's Academy	Academy

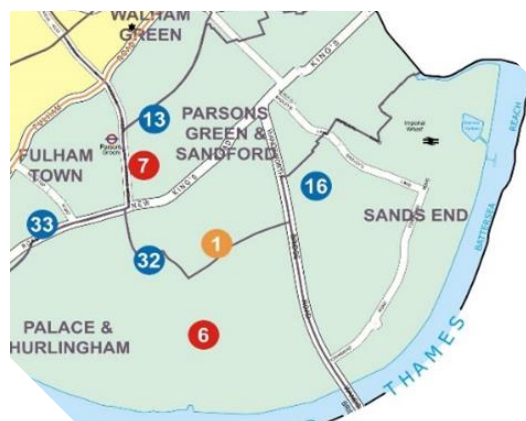


Table 12: Locality South 3 – South Fulham

CONCLUSION

The situation in terms of primary school sustainability across Hammersmith and Fulham is challenging. As identified throughout this paper doing nothing is not an option if we want to maintain a strong educational offer across our primary schools. The increase in surplus places will come with a significant reduction in funding that will have the potential to impact on all schools.

If there was a significant increase in pupil numbers over the next couple of years this can be accommodated within our primary schools that have formally reduced their PANs.

It is imperative to work with all stakeholders to make ensure that the right decisions are taken to support all schools to provide the best education possible.

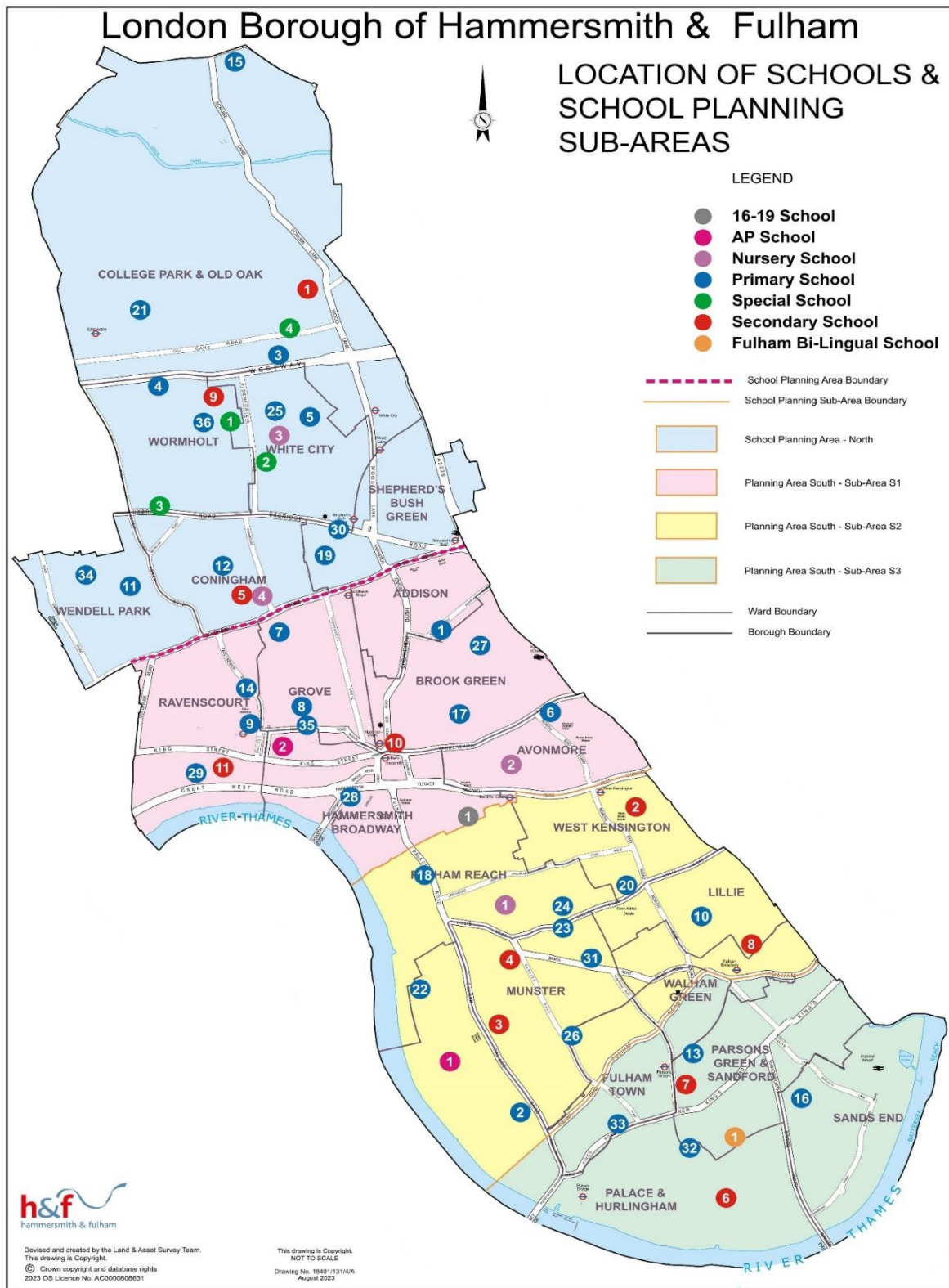


Figure 13 Map of all schools in Hammersmith and Fulham

Map Key	School Name	Designation	PA2 sub area
	NURSERY		
1	Bayonne Nursery School	Thames Federation LA	n/a
2	James Lee Nursery School	Thames Federation LA	n/a
3	Randolph Beresford Early Years Centre	LA Maintained	n/a
4	Vanessa Nursery School	LA Maintained	n/a
	PRIMARY		
1	Addison Primary School	LA Maintained	1
2	All Saints C of E Primary School	Voluntary Aided	2
3	Ark Bentworth Primary Academy	Ark	N
4	Ark Conway Primary Academy	Ark	N
5	Ark White City Primary Academy	Ark	N
6	Avonmore Primary School	Fox Federation LA	1
7	Brackenbury Primary School	Federation LA	1
8	Earl's Court Free School Primary	Knowledge School	1
9	Flora Gardens Primary School	LA Maintained	1
10	Fulham Primary	United Learning	2
11	Good Shepherd RC Primary School	Voluntary Aided	N
12	Greenside Primary School	Elliot Foundation	N
13	Holy Cross RC School	Voluntary Aided	3
14	John Betts Primary School	Voluntary Aided	1
15	Kenmont Primary School	Federation LA	N
16	Langford Primary School	United Learning	3
17	Larmenier & Sacred Heart Catholic Primary	Voluntary Aided	1
18	Melcombe Primary School	Thames Federation LA	2
19	Miles Coverdale Primary School	LA Maintained	N
20	Normand Croft Community School	LA Maintained	2
21	Old Oak Primary School	LA Maintained	N
22	Queen's Manor School and Special Needs Unit	United Learning	2
23	Sir John Lillie Primary School	LA Maintained	2
24	St Augustine's RC Primary School	Voluntary Aided	2
25	St John XXIII Catholic Primary School	St John Southworth	N
26	St John's Walham Green Church of England	Voluntary Aided	2
27	St Mary's Catholic Primary School	Voluntary Aided	1
28	St Paul's CofE Primary School	Voluntary Aided	1
29	St Peter's Primary School	Voluntary Aided	1
30	St Stephen's CofE Primary School	Voluntary Aided	N
31	St Thomas of Canterbury Catholic Primary School	Voluntary Aided	2
32	Sullivan	United Learning	3
33	Thomas's Academy	Thomas's Academy	3

34	Wendell Park Primary School	Federation LA	N
35	West London Free School Primary	Knowledge School	1
36	Wormholt Park Primary School	Federation LA	N
Map Key	School Name	Designation	PA2 sub area
	AP School		
1	Bridge Academy	Ormiston Academy	2
2	Westside	Academy	1
	Special Schools		
1	Cambridge	LA Maintained	N
2	Jack Tizard	LA Maintained	N
3	Queensmill	Academy	N
4	Wood Lane	LA Maintained	N
	Secondary		
1	Ark Burlington Danes	Ark	N
2	Fulham Boys' School	Academy	1
3	Fulham Cross Academy	FCAT	2
4	Fulham Cross Girls' School	FCAT	2
5	Hammersmith Academy	Academy	1
6	Hurlingham Academy	United Learning	3
7	Lady Margaret	Academy	3
8	London Oratory	Academy	1
9	Phoenix Academy	Futures	N
10	Sacred Heart	Academy	1
11	West London Free School	Knowledge School	1
	6th Form School		
1	William Morris 6 th Form	LA Maintained	1

Agenda Item 5

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 12/02/2024

Subject Revenue Budget and Council Tax Levels 2024/25

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

Responsible Director: Strategic 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 these services have been funded at a time of continued austerity within local government since 2010. After the Chancellor's Autumn Statement in November 2023, analysis by the Institute for Fiscal Studies has estimated that considering current spending commitments across the public sector, the Department of Levelling Up, Housing and Communities (which includes local government) may face a 3.4 per cent real terms cut each year from 2025/26 to 2028/29¹

Funding from central government has reduced by 54% in real terms² and 22% in cash terms, from £164m in 2010/11 to £128m in 2024/25³. The economic impact of the last few years has put further pressure on council finances. The challenge in setting this balanced 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.

Few organisations would be able to deliver the same services they delivered over a decade ago with less than half of the resources available. In Hammersmith & Fulham we have not just maintained front line services that residents rely on, but we have gone further, providing new services like the local Law Enforcement Teams and free

¹ [What does the Autumn Statement mean for local government and public service spending? | Institute for Fiscal Studies \(ifs.org.uk\)](https://www.ifs.org.uk/autumn-statement-2023/what-does-the-autumn-statement-mean-for-local-government-and-public-service-spending)

² As per RPI indices - [Retail Prices Index: Long run series: 1947 to 2023: Jan 1974=100 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/retail-prices-index/long-run-series/1947-to-2023)

³ Funding includes Revenue Support Grant, Business Rates Funding Baseline, Social Care and other general grants

breakfasts in primary schools. We have also eased financial burdens that residents face by residents by abolishing home care costs and providing one of the country's most comprehensive Council Tax Support Schemes.

This has only been possible because of the ruthlessly financially efficient approach that we have taken to managing residents' money. We will continue to reform the council to ensure that we provide the best value for their money possible. This budget does this through innovative use of new technology and data, and council-wide efficiency programmes to streamline operations and ensure the best use of resources.

Despite the financial pressures on the council, our ruthlessly financially efficient approach (by generating more than £118m of efficiencies since 2014/15), securing more than £100m in contributions from developing the Borough and generating more than £60m in annual income). This has allowed us to keep Council Tax levels low. There is no better place to be a council tax payer than right here in Hammersmith & Fulham. Not only do we have the third lowest council tax rates in the country, with this administration cutting or freezing Council Tax five times in the last nine years, but our Council Tax Support Scheme provides a discount to 42% of residents, with the most vulnerable paying nothing at all. This administration took the decision to exempt care leavers from paying Council Tax entirely, and this year, for the first time, we will also exempt in-house foster carers and special guardians so that they do not pay a penny of Council Tax.

The objectives of the General Fund revenue budget proposals for 2024/25 set out in the report:

- Protect the delivery of our core statutory services.
- Continue to deliver services valued by residents/businesses/visitors.
- Ensure the safety of our residents/businesses/visitors.
- Promote the prosperity of the borough.
- Embeds an agile, modern and innovative approach within the Council.
- Maintains strong financial governance and resilience across the Council.

The proposals include investment of £10.7m across many services and will allow the continued delivery of the best services to our residents/businesses and visitors. This includes an extra £4.2m for Home Care, £1.3m to support school transport services for children, £1.5m for people affected by homelessness and £1.7m to support our housing services.

The Council will continue to manage its financial resources effectively to financial resilience and sustainability (including a good level of reserves and in year contingencies).

RECOMMENDATIONS

To agree for the reasons set out in this report and appendices:

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 approve a balanced budget for 2024/25 as set out in the report, including the underlying principles and assumptions.
4. To approve **£10.7m** of new investment on key services for residents.
5. To approve fees and charges, as set out in Appendix E, including freezing charges in adult social care, children's services, and General Fund housing.
6. To approve the Medium-Term Financial Strategy and to note the budget projections to 2027/28 made by the Strategic Director of Finance in consultation with the Strategic Leadership Team. (Appendix B)
7. To note the statement of the Strategic Director of Finance, under Section 25 of the Local Government Act 2003, regarding the adequacy of reserves and robustness of estimates (paragraph 56).
8. To approve the reserves strategy and forecast as set out in Appendix H.
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 2024/25 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 2024/25 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 £
H&F	610.24	711.95	813.66	915.37	1,118.78	1,322.20	1,525.61	1,830.74

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	314.27	366.64	419.02	471.40	576.16	680.91	785.67	942.80

13. That the overall Council Tax to be set at £1,386.77 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	610.24	711.95	813.66	915.37	1,118.78	1,322.19	1,525.61	1,830.74
b) GLA	314.27	366.64	419.02	471.40	576.16	680.91	785.67	942.80
c) Total	924.51	1,078.59	1,232.68	1,386.77	1,694.94	2,003.10	2,311.28	2,773.54

14. To authorise the Strategic Director of Finance to collect and recover National Non-Domestic Rate and Council Tax in accordance with the Local Government Finance Act 1988 (as amended), the Local Government Finance Act 1992 and the Council's Scheme of Delegation.
15. To note the Council's estimated position on the Collection Fund (as set out in paragraph 51).
16. To note the performance on the management of arrears across the Council on all debts due (as set out from paragraph 60).

Wards Affected: All

H&F values	Summary of how this report aligns to the H&F Priorities
Being ruthlessly financially efficient	The council has a proud record of maintaining low Council Tax to its residents. The revenue budget for 2024/25 proposes savings and efficiencies across services and corporate functions that rationalise its estate and reduce its operating costs, whilst also delivering value for money from external contractors
Creating a compassionate council	The proposals in the revenue budget for 24/25 supports the ongoing investment in services that directly support residents in living, healthy and independent lives. This

	includes continuing to provide free homecare for older residents, providing Council Tax support to foster carers and increasing investment to tackle homelessness and rough sleeping.
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.
Doing things with residents, not to them	The budget for 24/25 will invest in our Family Hubs, ensuring that every child, young person, and family is able to access the right support at the right time. The Hubs will also be developed by collaborating with children and young people and their families, family groups, the local third sector, the NHS and the council's children's services in genuine partnership.
Taking pride in H&F	The council's revenue budget will invest over £50m in public realm services. These services will provide access to safe clean, green spaces for all to enjoy, visit and live in. It will deliver improvements to highways, whilst continuing to invest in the Law Enforcement Team and regulatory services to crack down on anti-social behaviour and rogue traders.
Rising to the challenge of the climate and ecological emergency	The council has an ambitious target to become a net zero borough. To help achieve this, the budget will invest in the roll out of food waste caddies for more than 50,000 households, continue to keep our streets and parks clean, and take a tough stance against anyone dropping litter, creating graffiti, or dumping rubbish.

Financial Impact

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

Implications completed by: James Newman, Assistant Director of Finance

Email: james.newman@lbhf.gov.uk

Implications verified by: Andre Mark, Head of Finance (Strategic Planning and Investment), 2 February 2024

Email: andre.mark@lbhf.gov.uk

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 Strategic 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;

I 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:

- (106) (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 F. This Appendix includes a screening of all budget measures undertaken to ensure that the equality duty has been considered where appropriate. These will need to be carefully read and taken into account by the council, together with the requirements of the PSED itself set out above, in reaching a decision on the recommendations in this report.

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

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

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

Public Sector Audit Appointment

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

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

Section 17 of the Act gives the Secretary of State the power to make regulations in relation to an ‘appointing person’ specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 and gives the Secretary of State the ability to enable a Sector Led Body to become the appointing

person. In July 2016 the Secretary of State specified PSAA as the appointing person. This report proposes that the Council opts-in to the sector-led 'appointing person' regime.

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

Implications completed by: Jade Monroe, Chief Solicitor Social Care, 31 January 2024
Email: jade.monroe@lbhf.gov.uk

Background Papers Used in Preparing This Report – none

NATIONAL FINANCIAL CONTEXT AND OUTLOOK

1. Local government continues to operate in a difficult and uncertain financial environment for the short and medium term. Although inflation has fallen in recent months, price rises over the last twelve months continue to impact the Council's budgetary position and increase the cost of living for its residents and businesses.
2. The rise in inflation has been largely attributable to the following factors:
 - The Covid pandemic and the lack of supply during that period;
 - Russia's continued invasion of the Ukraine and the huge impact on energy and food security plus their prices;
 - The national economic turmoil in the Autumn of 2022; and
 - The shortage of people available for work following the pandemic and the UK's withdrawal from the European Union.
3. As part of its fiscal policy and to meet the Government's 2% inflation target, the Bank of England have put up the UK base interest fourteen times over the past two years, and the base rate now stands at 5.25% as at December 2023. This has meant that for many residents, businesses, and the Council itself, the cost of borrowing is more expensive and reduces the amount that can be invested as a result.
4. This will have an impact on the Council's capital programme as much careful consideration will have to be given by Members on how to finance and pay back any sums borrowed and repayable soon.

Autumn Statement 2023

5. The Chancellor announced the Autumn Statement on the 22 November 2023, which outlined the Government's spending plans and the estimated impact of changes to tax, welfare and public service spending policy that carry a direct, quantifiable impact on households.
6. There was no new funding for 2024/25 for adult or children's social care beyond announcements made in the Autumn Statement in 2022. Other key announcements affecting local government funding in 2024/25 are outlined below:

- Local Housing Allowances rates will be raised to a level covering 30% of local market rents after previously being frozen for several years. However, these rates will then be re-frozen from 2025/26, meaning only temporary relief for many households.
- An additional £120m for homelessness prevention. Details of the allocation for the Council were to be confirmed at the time of writing this report.
- There are plans to allow local authorities to be able to fully recover the cost of planning fees for major planning applications if decisions are made within certain timelines.
- Local Planning Authorities to receive £32m to tackle planning backlogs.
- The standard business rate multiplier will be increased by September CPI (6.7%) and the small business rate multiplier will be frozen for a fourth consecutive year.

Cost of Living and Benefits

7. Alongside the Autumn Statement, The Office for Budget Responsibility's (OBR) economic and fiscal outlook was published. It is forecast that unemployment rises to 1.6 million people (4.6 per cent of the labour force) in the second quarter of 2025. This peak in unemployment is around 85,000 people (or 0.2 percentage points) higher, and a year later, than expected in March. The weakening in labour demand reflects rising interest rates and slower GDP growth opening a degree of spare capacity in the economy.
8. Welfare spending is forecast to rise sharply this year (by £33.9 billion, or 13.0 per cent) and next (by £21.1 billion, or 7.1 per cent), driven by the uprating of most benefits with CPI inflation. Benefits were uprated by 10.1 per cent in April this year and are expected to be uprated by 6.7 per cent, the September 2023 CPI inflation figure, in April 2024. The main drivers are health and disability benefits (reflecting rising caseloads for these benefits), and pensioner spending (due to the ageing population and the triple lock).⁴
9. The impact of the wider macroeconomic downturn has impacted many vulnerable households. In response to this, a cost-of-living strategy has been developed by the Council and financial support of more than £10m has been provided including direct Council funding and the Household Support Fund⁵. This package, and other support across the council, includes:
 - providing free breakfasts in primary schools
 - abolishing home care charges for elderly and Disabled residents
 - frozen or cut service charges across the council in real terms.
 - supporting the local foodbank and local charities
 - expanding advice services for anyone in need of extra support
 - making more funding available to help prevent emergencies and crisis.

⁴ [Economic and fiscal outlook – November 2023 - Office for Budget Responsibility \(obr.uk\)](https://obr.uk/economic-and-fiscal-outlook-november-2023/)

⁵ [Cost of living support | London Borough of Hammersmith & Fulham \(lbhf.gov.uk\)](https://lbhf.gov.uk/cost-of-living-support/)

- providing financial help to low-income families with essential living costs.

LOCAL GOVERNMENT FUNDING FOR 2024/25

Local Government Finance Settlement and Core Spending Power

10. The provisional 2024/25 Local Government Finance Settlement (LGFS) was published by DHLUC on the 18th December 2023. This statement outlines provisional funding allocations for local authorities for 2024/25 alongside the Core Spending Power for each authority. For the sixth year in a row, this was a single year funding settlement. There was not a great deal of new funding included, as much of the funding announced in the statement had already been declared in the 2023/24 LGFS, particularly funding ringfenced for Adult Social Care and Council Tax referendum limits.
11. Core Spending Power estimates total revenue funding available to authorities and includes Government assumptions on a maximum increase in Council Tax (4.99%). This is in line with the national working assumption that local authorities will need to increase local tax by 5% each year until 2027/28. It also includes assumptions on business rates income (including compensation for under indexing the multiplier) as well as growth in the Council Tax base.
12. The Statement provided an increase in Core Spending Power of 8% assuming that the council increases Council Tax and the Adult Social Care precept to the maximum extent without triggering a local referendum. It also includes compensation for the decision to freeze the small business rates multiplier.

A summary of the Council's funding settlement and Core Spending Power in comparison to 2023/24 is set out in Appendix K.

13. The 2024/25 LGFS continues the recent trend of single year funding settlements with no grant allocations confirmed beyond next year. The lack of future certainty continues to undermine effective medium-term financial planning and resource allocation. The planned review (Fair Funding Review) to explore changing how central grants are distributed between local authorities and with the potential for resetting the baselines for determining each local authority's need has been pushed back to April 2025 at the earliest after first being announced in 2016.
14. It should be noted that whilst the overall Core Spending Power for the Council has increased by £16.03m, only £7.85m (49%) of this relates to grant funding distributed directly to local authorities as part of the LGFS, as both Council Tax and business rates income are locally generated sources of income.

An explanation of the key funding streams is outlined below:

15. **Settlement Funding Assessment (SFA)** – The SFA is made up of two elements: The Revenue Support Grant (RSG) and the Baseline Funding Level (BFL). RSG is given to local authorities and can be used to finance revenue expenditure on any service. This grant has increased by £1.35m. This increase from 2023/24 is in line with the September CPI increase of 6.7%. The BFL is the estimated retained Business Rates as calculated by the Government, usually uprated in line with the small business rates multiplier. The actual business rates estimated by the Council is set out in the business rates section below.

16. **Social Care funding** – There are four separate grants as part of the Core Spending Power which relate to Social Care funding. Except for the Social Care Support grant (which can be used for matters relating to Childrens and Adults social care), all the others are ringfenced and passported to the Social Care budget. The grants are as follows:

- Social Care Support grant
- Improved Better Care Fund
- Market Sustainability and Improvement Fund (now includes the MSIF Workforce Fund)
- ASC Discharge Fund

A two-year funding package for social care was outlined in last year's LGFS and the funding this year represents the second year of this. Beyond 2024/25, it is unclear and uncertain the sustainability and level of funding which will be available to local authorities for social care.

17. **Compensation for the under-indexing of the business rates multiplier** – this is funding to compensate local authorities for lost business rates income arising from the decision to freeze the small business rates multiplier.
18. **New Homes Bonus** - There will be new rounds of New Homes Bonus (NHB) payments in 2024/25. In line with last year, these payments will not attract new legacy payments. It is unlikely that the New Homes Bonus will continue beyond 2024/25, and whether any alternative funding will be provided should this be the case.
19. **Services Grant** – The services grant has reduced by over 76% in 2024/25. The Government have made significant cuts to this funding (from £822m in 22/23 to £77m in 24/25) as it has been top sliced to offset the rising cost of other grants in the settlement. Although the local government finance policy statement on the 5th December stated that this grant would reduce, the scale of reduction was not anticipated or communicated to local authorities earlier in the budget setting process.

Other Funding

20. **Household Support Fund (HSF)** - In 2021, the Department for Work and Pensions announced that vulnerable households across the country would be able to access a new support fund to help them with essentials over the winter. The total HSF allocated to Hammersmith and Fulham during 2023/24 was £2.8m, all of which is planned to be spent as part of the council's Cost of Living response.
21. However, after the Autumn Statement, it was confirmed by DHLUC that the HSF will not continue beyond 31 March 2024. At time of writing, it is not known if this funding will be replaced with another scheme or will be folded into existing funding, but the ending of this funding stream will place a significant additional financial burden on the Council and those most vulnerable and affected by the Cost-of-Living crisis.
22. There are other specific grants which sit outside the main LGFS and for which allocations have been announced. The Council will receive £24.3m for the Public Health Grant, £3.89m for the Homelessness Prevention Grant (a further £120m has been announced nationally but allocations are not known at the time of writing), plus

£177.3m for the Dedicated Schools Grant (DSG). These grants are ringfenced and are assumed will have a neutral impact in the current budget proposals.

THE BUDGET GAP 2024/25 AND MEDIUM-TERM FINANCIAL STRATEGY

23. The budget gap for 2024/25 was estimated at £18.7m (as reported to Council in February 2023). This forecast was under continuous re-assessment during the year and was revised to £23.4m (mainly pay and price inflation) and this was the opening budget gap. The key changes that resulted in a balanced budget proposal for 2024/25 are set out in the table below (the individual Directorate budget analysis and other details are set out in Appendix J).

24. **Table 2: 2024/25 Budget Summary**

	£m
Base Budget Gap 2023/24 (balanced)	-
Pay and Prices inflation	13.7
New investment in services	10.7
Saving Proposals	(8.1)
Other Changes (Interest/Collection Fund/Etc)	(12.3)
Council Tax Requirement	(4.0)
Base Budget Gap 2024/25 (balanced)	-

25. The Band D Council Tax charge is calculated by dividing the Council Tax requirement by the Council Tax base⁶. The determination of the 2024/25 Council Tax requirement is set out in Table 9. The medium-term forecast, to 2027/28 is set out in Appendix B.

SERVICE AND CORPORATE ITEMS

Investment and Growth

26. Total investment and growth of £10.7m is being provided following the budget setting and review process. This funding is required to meet the costs of statutory obligations, demographic, service and demand pressures and key resident priorities. The details are set out in Appendix C to this report, and key elements are summarised below:

Table 3: 2024/25 investment proposals

Proposal	£'m
Home Care Procurement (patch, bridging and spot services)	4.2
Homelessness Services (Temporary Accommodation)	1.5
Travel Care (Special Educational Needs transport)	1.3
Housing Services	1.7
Integrated Transitions (Childrens to Adults) team	0.6
New Waste Collection Services	0.3

⁶ 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.

Development of Family Hubs	0.3
Other (including cyber security/major projects)	0.6
Culture and Community Engagement	0.2
Total	10.7

Table 4: Investment proposals by Department

Department	£m
Adult Social Care	4.8
Children's Services	1.6
Environment	0.5
Corporate Services	0.2
Economy	1.5
Other Services	2.1
Total	10.7

Savings

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

Table 5: 2024/25 savings proposals

Department	£m
Adult Social Care and Public Health	(2.1)
Children Services	(1.6)
Environment	(1.5)
Corporate Services	(0.3)
Economy	(1.4)
Finance	(0.4)
Other Services	(0.8)
Total	(8.1)

Table 6: Categorisation of savings

Savings categories	£m
Commercialisation / income	(1.7)
Procurement / commissioning	(2.1)
Service reconfiguration	(2.7)
Service rationalisation/budget reduced in line with spend	(0.7)
Prevention	(0.3)
Estate rationalisation	(0.4)
Staffing/productivity	(0.2)
Total savings	(8.1)

Inflation

28. Inflation has been consistently high over the past two years (reaching 10.5% in December 2022, and the highest level for 40 years). The Consumer Price Index (CPI) for September 2023 (the date by which the Government use to update its spending plans) is 6.7%. The Office of Budget Responsibility is forecasting inflation of 2.8% by Q4 of 2024/25 and the proposed budget for 2024/25 includes provision for both pay and price inflation as follows:
- Contracted inflation of £9.2m.
 - Pay inflation of 4.5m.

Other Measures

29. Additional income of £5.0m relating to investing cash balances is expected to materialise in 2024/25 as favourable interest rates are assumed as per the Bank of England's economic forecast assumptions. This income will be used to balance the budget in 2024/25 and our cash balances and base rate assumptions will be reviewed throughout the financial year in line with our treasury management strategy.
30. A comprehensive review has been carried out across both front and back-office functions within parking services. This has resulted in a programme of measures that has delivered more effective and efficient systems and processes, particularly in permit and suspension management, together with the introduction of more streamlined delivery and operational models. Front line services benefit from the introduction of Automatic Number Plate Recognition (ANPR) technologies in on-street enforcement, and the continued roll out of automated cameras in moving traffic, capturing alerts and contraventions. This outcome of this review is reflected in the budget for 2024/25.
31. In addition, there are budget measures by reducing budgeted reserve contributions, realigning corporate charges between the HRA and General Fund and short-term contributions arising from lower than budgeted contributions to the concessionary fares (freedom pass) scheme. This is due to the impact of passenger usage on public transport in response to the pandemic and changes to ways of working. This is not expected to continue beyond 2024/25 as demand is forecast to return to pre pandemic levels and fares increase.

FEES AND CHARGES

32. Charges governed by statute are set in accordance with those requirements and not varied in accordance with inflation. 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 6.7% (in line with September CPI) is applied for other non-commercial and non-parking fees.

The current proposed exceptions to the standard 6.7% increase and policies above are set out in Appendix E.

COUNCIL TAX, BUSINESS RATES AND LEVIES

COUNCIL TAX SETTING

33. 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 2024/25 local authorities “will be required to seek the approval of their local electorate in a referendum if, compared with 2023/24, 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.
34. In addition, the Government has modelled setting a precept to fund social care for adults of 2% in 2024/25. This levy is included in the Council’s budget proposals.
35. **The Council has a successful track record of keeping Council Tax low, either cutting or freezing Council Tax in five of the last nine years.** Nationally Council Tax is around 60% of the total Core Spending Power (but only accounts for 36% in Hammersmith and Fulham).
36. The national economic conditions of high inflation and interest rates made a Council Tax increase in 2023/24 unavoidable and a 2.99% increase in the Hammersmith & Fulham element of Council Tax was required to achieve a sustainable budget. As the current level of Council Tax is so low, even an increase of 2.99% keeps the overall level well below other local authorities. For 2024/25, despite the financial pressures on the council, our ruthlessly financially efficient approach has allowed us to keep Council Tax levels low. There is no better place to be a Council Tax payer than here in Hammersmith & Fulham. Not only do we have the third lowest council tax rates in the country, but our Council Tax Support Scheme provides a discount to 42% of residents, with the most vulnerable paying nothing at all.
37. This administration took the decision to exempt care leavers from paying Council Tax entirely, and this year, for the first time, we will also exempt in-house foster carers and special guardians so that they do not pay a penny of Council Tax.
38. 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 £26 per annum, or 50p per week, for 2024/25 (at Band D). The Council Tax charge for Hammersmith & Fulham is the third lowest in the country and 36% below the London average charge.
39. **The council is also proposing to levy a 2% Adult Social Care precept.** The increase is equivalent to £17.44 per annum, or less than 35p per week, for 2024/25 (at Band D) and is ringfenced to support Adult Social Care. 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 even though 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.

40. 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 7: Liability for Council Tax

Total dwellings in the borough	94,177	100%
Reductions:		
Exemptions (mainly students, includes care leavers and vacant properties)	(3,415)	(4%)
Council Tax support claimants (elderly & working age on low income)	(10,087)	(11%)
Single person discount (25% discount)	(26,143)	(27%)
Dwellings liable for 100% of Council Tax	54,532	58%

COUNCIL TAX REQUIREMENT 2024/25

Table 8: Base Budget Requirement for 2024/25

Budgeted expenditure 2023/24	£m
Housing benefit payments	91.2
Departmental budgets	588.7
Gross budgeted expenditure	679.9
Gross revenue income budget requirement	(479.8)
Net revenue budget requirement	200.1
To be met from:	
General grants	(58.8)
Locally retained business rates	(62.5)
2024/25 Council Tax requirement (including the adult social care precept)	(78.8)

41. The overall amount to be met from the Council Tax, including the GLA element, is £119.367m. This will provide a balanced budget in 2024/25.

42.

Table 9: Overall 2024/25 Council Tax requirement

London Borough of Hammersmith & Fulham	£78,825,257
Greater London Authority (proposed)	£40,593,668

Total requirement for Council Tax	£119,367,257
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43. 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.
44. 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.

$$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base (Band D equivalent)}} = \frac{£119,367,257}{86,113} = £1,386.17 \text{ Band D}$$

45. On 15th January 2024, Cabinet agreed a Council Tax base of 86,113 equivalent Band D properties for 2024/25. Therefore, the council's element of the Council Tax for Band D properties can be calculated as followed:

$$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base (Band D equivalent)}} = \frac{£78,825,257}{86,113} = £915.37 \text{ Band D}$$

46. 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.

PRECEPTOR'S (Greater London Authority) COUNCIL TAX REQUIREMENT

47. 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 of London is consulting on budget proposals for a provisional Band D charge of £471.40. This is subject to formal approval by the Mayor of London following the London Assembly meeting of 22 February. The preceptors budget requirement will be amended should there be a change to the Mayor's proposed Band D charge.

$$\frac{\text{Preceptor's Budget Requirement}}{\text{Tax Base (Band D equivalent)}} = \frac{£40,593,668}{86,113} = £471.40 \text{ Band D}$$

48. The proposed GLA charge represents an increase of £37.26 (8.6%), compared to 2023/24. This includes a £13.00 increase in the police precept, £4.26 for the London Fire Commissioner and a £20.00 increase for Transport for London.⁷

⁷ Source: [Mayor's Consultation Budget 2024-25 \(london.gov.uk\)](https://www.london.gov.uk/press-releases/mayor/budget-2024-25)

Business Rates

49. The recent change in legislation has meant that the business rates multiplier has been 'decoupled' and ministers now have the power to set different levels of rates for the elements of the multiplier (small and standard multipliers). The Autumn Statement confirmed that the standard multiplier rate would increase in line with September's CPI inflation (6.7%).
50. There will be a freeze in 2024/25 for the small business rate multiplier for the fourth year in a row. The 75% Retail, Hospitality and Leisure relief will be also extended for 2024-25. Local authorities will be compensated by the government for the resultant loss of income from these measures.
51. The forecast assumes that Hammersmith & Fulham will receive and retain the minimum amount guaranteed, the safety net threshold, by Government. This is £62.5m for 2024/25.

Collection Fund

52. It is estimated that the Collection Fund for 2023/24 will be in surplus (due to several factors including prior year adjustments, improvements in collection rates, review of single person discount entitlements and other technical adjustments relating to tariffs). This is estimated at £4m, with £2.3m being allocated as one-off funding within the 2024/25 budget proposals, and £1.7m will be carried forward to the Collection Fund reserve to improve financial resilience.

Levies

53. The Council, alongside other London local authorities, contributes towards London wide services in the form of levy payments. These levies include contributions towards Thames flood defences, pensions and concessionary travel for those 60+.
54. As at time of writing, not all of these levies have been confirmed and therefore the budget for 2024/25 is based on the charge from 2023/24 uplifted by inflation and projected demographic changes. Once these are confirmed, the budgets will be amended before final approval at Full Council.

CONSULTATION

Non-Domestic Ratepayers

55. 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

56. As part of the consultation process the budget proposals have been reviewed by the Policy and Oversight Board, and the relevant Policy and Accountability Committees.

VIEWS OF THE STRATEGIC DIRECTOR OF FINANCE

The robustness of the budget estimates

57. Under Section 25 of the Local Government Act 2003, the Strategic Director of Finance is required to include, in the budget report, a view of the robustness of the 2024/25 estimates.
58. 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 Strategic 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 Strategic Director of Finance and have been through a robust process of development and challenge with the Strategic Leadership Team, service leads and directors 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 2024/25 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 2022 triennial pension review.
 - Service directors 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 £38m since 2010/11, 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 £5.1m, reducing to £1.7m should current mitigating actions be delivered, and contingency be used.
 - 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 £1.0m 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, their impact 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 based on the latest information available on appeals and debt management arrangements.

Risk and debt management

59. Under Section 25 of the Local Government Act 2003, the Strategic Director of Finance is required to include, in budget reports, views of the adequacy of the balances and reserves the budget provides for considering the medium-term risks facing the authority.
60. The key financial risks that face the council have been identified in Appendix D and the substantive risks include:
 - The continuing economic conditions relating to inflation, interest rates, unemployment, real household incomes (these may all increase our service delivery costs, recovery of income and viability of major projects).
 - The increasing national legislative requirements (e.g., Environment Act 2021, Social Regulation 2023) will add additional pressures on our service delivery.
 - The increasing regulation from national government (e.g., OfLog, Housing Ombudsman, CQC) will increase our cost burdens.
 - The demographic pressures especially on Adult Services, Childrens Services (Special Educational Needs and Disabilities), homelessness (temporary accommodation) and people from abroad will continue (as is the case nationally for many other local authorities). This is a combination of a number of factors including the Covid-19 recovery, addressing pent-up demand and supply issues post Brexit.
 - 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.

Debt Management

61. There has been a total debt reduction of £1.2m on the balance at March 2023. The most improved debt areas were Business Rates (£1.5m) and Council Tax collections (£3.5m).
62. Improvements in debt management procedures have been implemented during the current financial year. These include a new Debt Management Board which has been set up to monitor performance, challenge services to take action to reduce debt balances and share best practice. There has been a drive to reduce the creation of new debt and to balance financial support offered to residents through the cost-of-living crisis with responsible lending.
63. Initiatives such a use of algorithms to predict rent arrears and transformation programmes to free officer time for debt recovery and development have been implemented. There has been an increase in following up overdue debts with legal

action and changes in the Council's policies which now allow for using enforcement agents to recover Council Tax debts from ex-residents. There will be a continued focus on the Top 10 debtors, which make up 18% of the total debt outstanding.

64. Provisions on the debts outstanding have been set aside based on prevailing regulations and guidelines (and are reviewed/endorsed by our external auditors).

General Balances and Earmarked Reserves

65. In accordance with guidance from CIPFA, the council sets aside specific funding to mitigate risk, ensure it has contingency for any unexpected financial liabilities, invest in its strategic corporate priorities and the carry forward of grants ringfenced for project delivery.
66. The lack of an appropriate safety net has resulted in several councils running into financial difficulties. Over the last two years, nine local authorities have produced a section 114 notice (this is a notice from the s151 officer in their view that a Council's resources are not sufficient to fund its forecasted expenditure for a financial year) and one in five local authorities have reported that they "think it is very or fairly likely that their chief finance officer will need to issue a Section 114 notice this year or next due to a lack of funding to keep key services running".⁸
67. The Strategic 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. All reserves are regularly reviewed to ensure they are appropriate balances and in line with strategic priorities and may be reallocated to align with any change in strategy.
68. The use of general balances or revenue reserves should not be regarded as a sustainable long-term strategy to fill the gap from core funding reductions and emerging demand and demographic budget pressures. 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. In the financial year 2022/23, the council ran a budget surplus and added to its revenue reserves.
69. General balances are forecast to remain within the optimum range in 2024/25. The council's general balance is budgeted to be £21.3m at the start of 2024/25. This equates to 3.8% (14 days spend) of the council's gross budget of £550.8m. This is well within the medium-term optimal range of £19m to £23m set as part of the council's reserves strategy (Appendix H). The Strategic Director of Finance considers that this optimal range is sufficient to allow for the risks identified and to support effective medium-term financial planning.
70. The latest forecast to 2027/28 is summarised in Table 12 and detailed in Appendix H. It is the view of the Strategic Director of Finance that such reserves are adequate to deal with anticipated risks and liabilities.

⁸ [Section 114 fear for almost 1 in 5 council leaders and chief executives after cashless Autumn Statement | Local Government Association](#)

Table 12: Reserves and general balances - cash flow forecast to 2027/28

	April	April	April	April	April
	2023	2024	2025	2026	2027
	£m	£m	£m	£m	£m
General balances (recommended range £19m - £23m)	21.3	21.3	21.3	21.3	21.3
Earmarked reserves	98.3	72.0	62.0	68.7	70.2
Sub Total	119.6	93.3	83.4	90.0	91.6
Developer contributions (Subject to separate monitoring and approval)	48.9				

Section 106 and the community infrastructure levy

71. 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.
72. 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.
73. 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.
74. 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.
75. 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.

CIPFA Financial Management Code

76. An initial compliance analysis against the CIPFA Financial Management Code has been undertaken as part of the 2024/25 budget assurance work. The CIPFA Financial Management Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, the CIPFA Financial Management Code requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities, and circumstances. Each local authority should demonstrate that the requirements of the CIPFA Financial Management Code are being satisfied. Demonstrating this compliance with the CIPFA Financial Management Code is a collective responsibility of elected members, the Section 151 Officer, and professional colleagues in the leadership team.
77. The annual compliance analysis is included at Appendix I and shows that the Council achieves a high level of compliance against the vast majority of the CIPFA Financial Management Code statements of standard (or best) practice. Where there is only a medium level of compliance, actions are suggested that would take the council to high level. The compliance analysis should be seen as an organic piece of work, revisited at least annually as part of the budget process, with any actions or recommendations implemented on an ongoing basis.

EQUALITY IMPLICATIONS

78. Published with this report there is a corporate budget EIA which assesses the impacts on equality of the decision to increase Council Tax and apply the social care precept increase. The full EIA is attached at Appendix F.

RISK MANAGEMENT IMPLICATIONS

79. 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 2024/25 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. In addition, the new Procurement Act will introduce further requirements and burdens on local authorities from 1 October 2024.
- 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.

80. The economic climate in which the council must operate continues to be extremely challenging. Cost overspend on significant projects can pose a risk for financing, particularly in the current economic climate when funding is limited. Project and budget management processes are currently in place to limit the risk of overspend or slippage whilst accounting advice is sought to mitigate against any such risk should it occur. Continuing real terms cuts to local government funding, external cost pressures and the need to fund local priorities mean that the council must continue with its significant savings and transformation programmes.
81. 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 and 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.
82. Appendix D sets out the financial risks against which the 2024/25 budget and MTFS are being proposed for approval. There are significant financial risks around ongoing demand for transport for children and young people with Special Educational Needs and increases in referrals, 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 (in particular where affected by the cost of living crisis) 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.

83. 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, 31 January 2024.

PROCUREMENT IMPLICATIONS

84. 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 – Fees and charges

Appendix F – Equalities Impact Assessment

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

Appendix H – Reserves strategy and forecast

Appendix I – CIPFA FM Code Compliance for 2024/25

Appendix J – 2024/25 Budget Schedules

Appendix K – Core Spending Power calculation

APPENDIX A

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

		£	
(a)	Being the aggregate of the amounts which the council estimates for the items set out in section 31A (2) (a) to (f) of the Act.	577,399,557	
(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.	458,032,300	
(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.	119,367,257	
(d)	Being the amount formally agreed by council as the Council Tax base for 2024/25.	86,113	
(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.	1,386.17	
(f)	Hammersmith & Fulham proportion of the Basic amount of its Council Tax (Band D)	915.37	
(g) Valuation Bands – Hammersmith & Fulham Council:			
Band A	Band B	Band C	Band D
610.24	711.95	813.66	915.37
Band E	Band F	Band G	Band H
1,118.78	1,322.20	1,525.61	1,830.74
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
314.27	366.64	419.02	471.40
Band E	Band F	Band G	Band H
576.16	680.91	785.67	942.80

(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 2024/25 for each of the categories of dwellings shown below:

Band A	Band B	Band C	Band D
924.51	1,078.59	1,232.68	1,386.77
Band E	Band F	Band G	Band H
1,694.94	2,003.11	2,311.28	2,773.54

Medium Term Financial Forecast	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s
General Fund Base Budget	191,959	191,959	191,959	191,959
Contract and Pay Inflation	13,742	19,742	25,942	32,042
Additional Investment in Key Services and Priorities	10,722	16,722	22,722	28,722
Net Cost of Borrowing (revenue cost of capital programme)	1,000	1,000	1,000	1,000
Savings and change proposals	(8,069)	(9,809)	(10,709)	(10,709)
Other (concessionary fares, income recognition and collection fund)	(4,260)	20	120	120
Interest Receivable (one-off)	(5,000)	0	0	0
Budget requirement	200,094	219,634	231,034	243,134
RESOURCES				
Government:				
General grants (including new homes bonus)	(37,220)	(35,726)	(36,356)	(36,567)
Revenue Support Grant	(21,540)	(21,971)	(22,410)	(22,858)
Hammersmith and Fulham:				
- Business rates (net of Tariff)	(62,509)	(63,759)	(65,034)	(65,034)
- Council tax	(78,825)	(79,511)	(80,198)	(80,884)
Total forecast resources	(200,094)	(200,967)	(203,999)	(205,344)
Budget Gap	0	18,667	27,035	37,790

Social Care

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)	2027-28 Budget Change Cumulative (£000's)
Firm Change and Savings Proposals							
1	Independent living, Quality, Performance and Safeguarding	Reform - Commissioning Market Opportunities	Review care costs with NHS (CHC) as people with very high needs are discharged from hospital.	(200)	(250)	(300)	(300)
2	Independent living, Quality, Performance and Safeguarding	Reform - Continuous improvement of services	Supporting resident independence though better integration of council services with community networks	(150)	(350)	(350)	(350)
3	Independent living, Quality, Performance and Safeguarding	Reform - Continuous improvement of services	Further increased take-up of Direct Payments for choice and control for residents and increasing wellbeing and coproducing as part of the Direct Payment steering group.	(200)	(400)	(600)	(600)
4	Specialist Support and Independent Living	Cross Cutting - Continuous improvement of services	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 Homes available for residents, ensuring new builds are co-produced with disabled residents and make good Housing voids.	(200)	(200)	(400)	(400)
5	Independent living, Quality, Performance and Safeguarding	Transformation - Continuous improvement of Services	Maximising adaptations in people's homes through use of Disabled Facilities Grant. Review Occupational Therapy service delivery across the department with a view to undertake joint care assessment. This increases a person's independence and reduces the need for longer-term care.	(200)	(200)	(200)	(200)
6	Independent living, Quality, Performance and Safeguarding	Reform - Service redesign	Better use of equipment to improve independence of residents with sensory disability.	(100)	(150)	(200)	(200)
7	All Divisions	Artificial Intelligence - 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).	(250)	(450)	(550)	(550)
8	Commissioning	Reform - Commissioning Market Opportunities	Review of commissioning contracts in line with the third sector strategy. This will be managed by adjusting the available contingencies within this budget (it will not affect existing contracts or the Fast Track allocations and inflation will be allocated to contracts in 2024/25).	(100)	(100)	(100)	(100)
9	All Divisions	Reform - Service redesign	Reshaping the department as an all-age adults service and over a medium term neighbourhood resident focus.	(200)	(500)	(500)	(500)
Total Firm Change and Savings Proposals				(1,600)	(2,600)	(3,200)	(3,200)

Investment, Demand and Demographic Growth				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)	2027-28 Budget Change Cumulative (£000's)
Firm Investment, Demand and Demographic Growth							
1	Independent living, Quality, Performance and Safeguarding & Specialist Support.	Home Care	Home Care and Independent Living procurement award for 6 borough-based new contracts (these contracts are for the Patch and Bridging Service and Home Care spot demand pressures).	4,200	4,200	4,200	4,200
2	Specialist Support and Independent Living	Learning Disability Transitions	The integrated Learning Disabilities (LD) Transition Team	603	603	603	603
Total Firm Investment, Demand and Demographic Growth Proposals				4,803	4,803	4,803	4,803

Public Health

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)	2027-28 Budget Change Cumulative (£000's)
Firm Change and Savings Proposals							
1	Public Health	Rough Sleeping	Review of Rough Sleeper Public Health Contribution to support residents with independent living.	(100)	(100)	(100)	(100)
2	Public Health	Environmental Health	Review of Environmental Health Contributions to manage and support the health protection and outbreak prevention.	(100)	(100)	(100)	(100)
3	Public Health	Community Safety	Review the impact of targeted provision with underserved groups to improve community engagement.	(72)	(72)	(72)	(72)
4	Public Health	Transformation	Review of Community Champions Programme and Reprovision of Services to align services with resident needs and support the Councils response to the cost of living.	(250)	(250)	(250)	(250)
Total Firm Change and Savings Proposals				(522)	(522)	(522)	(522)

Children’s Services and Education

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)	2027-28 Budget Change Cumulative (£000's)
Firm Change and Savings Proposals							
1	Children and Young Peoples Services	Placement service income generation	This proposal aligns the budget to the current profile of placements where there is joint health funding. There will be no impact on children and young people.	(325)	(325)	(325)	(325)
2	Children and Young Peoples Services	Client related non-placement spend	Reform care support via a targeted line by line review to identify efficiency opportunities to secure high quality packages at optimal cost, including capitalising on opportunities for external funding to invest in creating our own provision	(100)	(100)	(100)	(100)
3	Children and Young Peoples Services	Post 19 Housing Pathways	Through collaboration with Housing, to enable care leavers to transition into the Housing Pathway earlier, with increased floating support to ensure the transition is successful.	(100)	(100)	(100)	(100)
4	Children's Commissioning	Early Intervention Commissioning	It is proposed to align the budgets to current expenditure following the recommission. There is no proposed change to delivery	(137)	(137)	(137)	(137)
5	Food Poverty	Holiday food provision	Embedding long-term holiday food provision offer using the council’s bulk purchasing power to more effectively procure long-term holiday food	(900)	(900)	(900)	(900)
Total Firm Change and Savings Proposals				(1,562)	(1,562)	(1,562)	(1,562)

Investment, Demand and Demographic Growth				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)	2027-28 Budget Change Cumulative (£000's)
Firm Investment, Demand and Demographic Growth							
1	Education Special Educational Needs	Travelcare and Support - Education and Health Care Plan Demand Led Growth	Investment reflects the increased demand of children and young people accessing travel care and support services, whilst maintaining the same high-level quality of provision.	1,271	1,769	2,326	2,884
2	Children and Young Peoples Services	Development of Family Hubs - Full Year effect Investment 2024-25	Investment in launching Family Hubs which will act as a single point of access to help families navigate and receive the support they need when they need it.	260	260	260	260
Total Firm Investment, Demand and Demographic Growth Proposals				1,531	2,029	2,586	3,144

The Environment

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)	2027-28 Budget Change Cumulative (£000's)
Firm Change and Savings Proposals							
1	All	Review fees and charges	Non-residential fees and charges	(200)	(200)	(200)	(200)
2	Public Protection	Environmental Public Protection (Noise and Nuisance)	Use of alternative funding (through developers contributions)	(200)	(200)	(200)	(200)
3	Street Environment	Review waste collections	Further efficiencies from rollout of wheeled bins	(250)	(250)	(250)	(250)
4	All	Service transformation savings	Resident Experience and Access Programme (REAP) enabled savings	(250)	(250)	(250)	(250)
5	Street Environment	New waste collection services	Introduction of garden waste subscription service (this assumes sign up of 10,000 properties)	(650)	(650)	(650)	(650)
Total Firm Change and Savings Proposals				(1,550)	(1,550)	(1,550)	(1,550)

Investment, Demand and Demographic Growth				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)	2027-28 Budget Change Cumulative (£000's)
Firm Investment, Demand and Demographic Growth							
1	Street Environment	New waste collection services	Additional collection costs for garden waste subscription service	278	278	278	278
2	Cultural Services	Continuation of Community and Cultural Events Programme	Realignment of service costs to ensure that programmes are fully funded and delivered	150	150	150	150
3	Cultural Services	Contribution to new H&F Black History Cultural Centre	Funding to allow the permanent establishment of this centre as part of the Council's culture strategy.	60	60	60	60
Total Firm Investment, Demand and Demographic Growth Proposals				488	488	488	488

The Economy

Change and Savings Proposals			Budget Change			
Ref Nos	Service	Summary	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)	2027-28 Budget Change Cumulative (£000's)
Firm Change and Savings Proposals						
1	Planning	New fee flexibilities and cost reductions from fewer volumes	(350)	(350)	(350)	(350)
2	Property and Asset Management	Review of expenditure (6% reduction)	(200)	(200)	(200)	(200)
3	Housing Solutions	Efficient commissioning of Temporary Accommodation	(100)	(100)	(100)	(100)
4	Housing Solutions	Review of Housing Solutions team	(150)	(150)	(150)	(150)
5	Housing Solutions	Acquisition of housing for Temporary Accommodation	(200)	(200)	(200)	(200)
6	Property and Asset Management	Corporate Accommodation savings	(400)	(400)	(400)	(400)
7	Property and Asset Management	Non-domestic portfolio master plan	0	(100)	(400)	(400)
Total Firm Change and Savings Proposals			(1,400)	(1,500)	(1,800)	(1,800)

Investment, Demand and Demographic Growth			Budget Change			
Ref Nos	Service	Summary	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)	2027-28 Budget Change Cumulative (£000's)
Firm New Investment, Demand and Demographic Growth Requests						
1	Economic Development Learning & Skills	Specialist and sectorial expertise to support development of the Strategy, content, design, marketing, engagement etc	(25)	(50)	(50)	(50)
2	Economic Development Learning & Skills	Specialist consultancy support for the development of STEAM sector strategies and their promotion	(25)	(25)	(25)	(25)
3	Housing Solutions	An increase in homeless presentations combined with a reductions in supply of rehousing solutions is resulting in additional client numbers	1,500	1,500	1,500	1,500
Total Firm New Investment, Demand and Demographic Growth Requests Proposals			1,450	1,425	1,425	1,425

Corporate (Finance, Corporate Resources, Council Wide)

Change and Savings Proposals				Budget Change			
Ref Nos	Service	Title & Theme	Summary	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)	2027-28 Budget Change Cumulative (£000's)
Firm Change and Savings Proposals							
1	Procurement and Commercial	Digital Advertising	An increase in digital advertising rental income.	(150)	(150)	(150)	(150)
2	Audit, Fraud, Risk and Insurance	Internal Audit externally contracted work	Reduction in Internal Audit budget for contracted out audit days.	(50)	(50)	(50)	(50)
3	Managed Services	Hampshire Partnership Finance System	Reduction in LBHF share of the Hampshire Finance System costs.	(200)	(200)	(200)	(200)
4	Digital	Network and Telephony contract	Reduction in costs arising from the network and telephony procurement strategy and contract award.	(125)	(125)	(125)	(125)
5	Digital	SQL migration	Remove the need for server licencing and reduce support costs for smaller applications following migration to Microsoft Azure platform.	(60)	(80)	(80)	(80)
6	Coroners and Mortuary	Mortuary Income increase	Additional income from contract based on RPI.	(80)	(80)	(80)	(80)
7	ALL	Senior organisational structure review	An organisational review of the senior chief officer structures of the Council	(250)	(1,000)	(1,000)	(1,000)
8	ALL	Parking projects	Discontinuing annual contribution to reserves and utilising in year revenue resources	(275)	(275)	(275)	(275)
9	ALL	Street column replacements	Discontinuing annual contribution to reserves and utilising in year revenue resources	(245)	(245)	(245)	(245)
Total Firm Change and Savings Proposals				(1,435)	(2,205)	(2,205)	(2,205)
Investment, Demand and Demographic Growth							
Ref Nos	Service	Title & Theme	Summary	2024-25 Budget Change Cumulative (£000's)	2025-26 Budget Change Cumulative (£000's)	2026-27 Budget Change Cumulative (£000's)	2027-28 Budget Change Cumulative (£000's)
Firm Investment, Demand and Demographic Growth							
1	Digital Services	Digital cyber security	Enhancing the Council's cyber security through extending the Microsoft Enterprise Agreement and delivery of a robust out of hours support service.	250	250	250	250
2	ALL	Housing Services	A realignment of the charges between the General Fund and the Housing Revenue Account	1,700	1,700	1,700	1,700
3	ALL	Civic Campus programme	Anticipated pressures from the completion of the programme and award of operating leases	500	500	500	500
Total Firm Investment, Demand and Demographic Growth Proposals				2,450	2,450	2,450	2,450

Children's Services Risk/Challenges

Department & Division	Short Description of Risk	Mitigation
Children's Services		
Education and SEND	Sustained travel care growth across all client groups (Special Educational Needs and Disabilities and Children Looked After) in excess of current growth.	Robust assurance processes, route optimisations and transport sharing opportunities.
Children and Young Peoples Services	Increased presentation of need / cost, and subsequent growth in referrals and staff capacity to meet need.	Current additional fourth Contact and Assessment Team to support managing throughput of need, undertaking risk assessments, close monitoring of need.

Social Care Risks/ Challenges

Department & Division	Short Description of Risk	Mitigation
Social Care		
Learning Disabilities	Learning Disabilities Transitions: 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 126 more young people by 2027/28 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	Demographic Pressures: The Social Care budget is under severe pressure due to increasing demand 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 1.52% over the period 2023 to 2026.	Tight monitoring of the budget on a monthly basis, reprioritising as required.
All Divisions	Better Care Fund (BCF) Health Pressures: 1) Reduced allocation in hospital discharges 2) Review of all services in preparation for 24/25 by NWL Health	Tight monitoring of the budget and joint work with Health on the BCF review.
All Divisions	Equipment contract:	Monitored as part of the contract negotiations and any additional funding to be managed over the lifetime of the contract. However, the consortium is also working through other options and will be updating Boroughs when they've received legal advice. These options may mean that we may not need to make additional payments.

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.	Financial strategy has been developed to ascertain level of required investment and funding options. Officers will continue to pursue and lobby for external funding
Highways	Hammersmith Bridge works are being undertaken at risk, pending confirmation of funding contributions from the Department for Transport and Transport for London. If the full strengthening and restoration project does not go ahead, some capital costs to date may need to be charged back to revenue	Continue to work with the Department for Transport and Transport for London
Street Environment Services	Waste disposal savings from the new wheeled bin waste collection service may be insufficient to cover the new service costs	Impact of roll out will be monitored and assessed. Expected to deliver longer term reductions in waste disposal tonnages and costs.
Street Environment Services	The new garden waste service may not fully recover its cost (insufficient take up and/or insufficient waste disposal savings)	Impact of roll out will be monitored and assessed. Expected to deliver longer term reductions in waste disposal tonnages and costs.

The Economy Department Risk/Challenges

Department & Division	Short Description of Risk	Mitigation
The Economy Department		
Housing Solutions	Overall Benefit Cap (OBC) & Discretionary Housing Payments (DHP)	Support and enable residents to gain exemption from the Benefit Cap or meet the shortfall through: <ul style="list-style-type: none"> - Training and qualifying employment - Disability/Carers benefit where possible - Resettlement into affordable housing - Personal budgeting
Housing Solutions	Cost of Living Crisis and End of Eviction Ban	Help new TA tenants (PRS evictees) manage rent shortfalls from tapered income (non-Benefits Cap) through: <ul style="list-style-type: none"> - Personal budgeting - Welfare benefit advice
Housing Solutions	Increase in bad debt provision on Temporary Accommodation (Bed & Breakfast and Private Sector Leasing) rent arrears because of reductions in personal income due to Cost of Living Crisis	Robust but sensitive TA Income collection processes post pandemic.
Housing Solutions	There is a risk of a further increase in the number of households in Temporary Accommodation - based on an additional 100 households this year above the current forecast	Increase access to private rented accommodation as outlined and agreed in Council's Housing Allocation Scheme.
Housing Solutions	Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	Reducing expensive Temporary Accommodation is likely to mean procuring additional units outside of this borough. The Council is collaborating with Capital Letters to increase supply.
Housing Solutions	There is a risk of large families being accommodated in B&B due to unsuitable accommodation available	Procure Temporary Accommodation for larger families. Potential to split households on a voluntary basis.
Housing Solutions	Domestic Abuse Act - increase in households in temporary accommodation - extra 70 households next year above the current forecast	Increase access to private rented accommodation as outlined and agreed in Council's Housing Allocation Scheme. Working closely with Capital Letters to increase supply.
Property	Non domestic portfolio - increase in repairs and maintenance costs and reduction in rental income	Review of existing lease arrangements, and a review of the capital maintenance programme.
Planning	Planning application fees income	Service to continue to pursue opportunities to maximise income through Planning Performance Agreements and reviewing fees and charges.

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 budget proposals include a retained contingency reserve for inflationary risk.
Council wide	Uncertainty over medium term future government and partnership funding and continuation of existing funded programmes (e.g. TfL, Household Support Fund, Homelessness Prevention, Market Sustainability and Improvement Fund)	Continue to work proactively with our partners and highlight the major outcomes being achieved through the grant funded programmes. Develop alternative funding strategies as practical.
Council wide	Increasing risks on IT systems (cyber security)	The budget proposes additional investment in cyber security processes and infrastructure, plus maintain a strong level of General Balances. There will also continue to be regular cyber security updates to staff as appropriate.
Council wide	Abortive costs for development and other capital schemes which cannot be capitalised and therefore would need to be funded by revenue resources.	Continue to work with service contractors to manage within existing budgets

Hammersmith & Fulham Fees & Charges

Exceptions to the standard uplift

2024/25

Fee Description	2023/24 Charge (£)	2024/25 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2023/24 (£)	Total Estimated Income Stream for 2024/25 (£)	Reason For Variation Not At Standard Rate
Private Sector Leasing						
Private Sector Leasing Water Charges	Varies	Varies		£12,000	£12,000	The charge is determined by the annual increase set by the water companies. This is expected in January 2024.
Private Sector Leasing Rent (average per week)	£264.39	£262.95	↓ -0.5%	£12,657,200	£15,095,400	Since April 2012, the PSL rent threshold has been based on the January 2011 Local Housing Allowance (LHA). The threshold formula was 90% of LHA plus £40 and subject to a cap of £500 on Inner London and Outer South West London Broad Rental Market Areas (BRMA) and a cap of £375 on other BRMAs. From April 2017, the £40 has been removed and replaced by MHCLG's flexible homelessness support grant. The new threshold is 90% of January 2011 LHA and subject to a cap of £460 on Central and Inner London and Outer South West London BRMA and a cap of £335 on the other BRMAs. PSL tenants living in a UC area have had their rent threshold based on 100% of the April 2015* LHA but since 11 April 2018, the housing cost element of UC has no longer been available to new claims from temporary accommodation. Those UC claimants already getting the UC housing cost element for their temporary accommodation must switch their claim to HB when there is a change in their rent liability after 11 April 2018. *By October 2023, 1.0% of the Council's PSL tenants are still claiming UC and their rents are set to the April 2015 LHA.
	£264.39 as at 28th October 2022	£262.95 as at 13th November 2023		£12.6m (2023/24 Estimates, based on 959 units with 4% void at the weekly rent of £264.39)	£15.1m (2024/25 Estimates, based on 1150 units with 4% void at the weekly rent of £262.95)	
Bed and Breakfast Temporary Accommodation						
B & B Rent Single/Family (Average per week)	£225.34	£223.80	↓ -0.7%	£1,394,400	£1,803,800	This fee is the LHA threshold for one bedroom properties.
	£225.34 as at 24th October 2022	£223.80 as at 13th November 2023		£1.4m (2023/24 Estimates, based on 119 tenants at a weekly rent of £225.34)	£1.8m (2024/25 Estimates, based on 155 tenants at a weekly rent of £223.80)	Since April 2012, the B&B rent threshold has been based on the January 2011 Local Housing Allowance (LHA). From April 2017, the B&B rent threshold will be based on the April 2015 LHA for benefit claims made through Universal Credit(UC). Since 11 April 2018, the housing cost element of UC has no longer been available to new claims from temporary accommodation – UC claimants already getting the UC housing cost element for their temporary accommodation must switch their claim to HB when there is a change in their rent liability for such accommodation. The LHA varies according to changes in market rents, the location of the property and its bedroom size.
B & B Amenity Charges - Single Adult	£11.76	£12.55	↑ 6.7%	£72,800	£101,200	These charges are not eligible for Housing Benefit.
B & B Amenity Charges - Single Adult & Children	£12.40	£13.23	↑ 6.7%	(2023/24 Estimates, based on 119 tenants)	(2024/25 Estimates, based on 155 tenants)	
B & B Amenity Charges - Two Adults	£15.04	£16.05	↑ 6.7%			
B & B Amenity Charges - Two Adults and Children	£15.66	£16.71	↑ 6.7%			
B & B Amenity Charges - Three Adults and Children	£19.06	£20.34	↑ 6.7%			
B & B Amenity Charges - Four Adults and Children	£22.20	£23.69	↑ 6.7%			
B & B Amenity Charges - any additional adult	£3.24	£3.46	↑ 6.7%			

Fee Description	2023/24 Charge (£)	2024/25 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2023/24 (£)	Total Estimated Income Stream for 2024/25 (£)	Reason For Variation Not At Standard Rate
Home Buy						
Discount Market Sale Home Buy Fee	£160.00	£200.00	 25%	£4,000	£5,000	The previous fee does not currently cover the Council's costs in providing the service.

LICENSING

Fee Description	2023/24 Charge (£)	2024/25 Charge (£)	Proposed Variation (£)	Proposed Variation (%)
ANIMAL LICENCES - Part A Application Fees				
Animal Boarding Establishments - dogs & cats (NEW)	£530.50	£541.10	£10.60	2%
Animal Boarding Establishments - dogs & cats (RENEWAL)	£391.40	£399.20	£7.80	2%
Dog breeding kennels (NEW)	£539.00	£549.80	£10.80	2%
Dog breeding kennels (RENEWAL)	£392.50	£400.40	£7.90	2%
Dog breeding - Domestic (NEW)	£458.80	£468.00	£9.20	2%
Dog breeding - Domestic (RENEWAL)	£314.40	£320.70	£6.30	2%
Animal Boarding Establishments - single species (NEW)	£450.30	£459.30	£9.00	2%
Animal Boarding Establishments - single species - renewal	£314.40	£320.70	£6.30	2%
Dangerous Wild Animals (NEW - Commercial)	£539.00	£549.80	£10.80	2%
Dangerous Wild Animals (RENEWAL - Commercial)	£394.60	£402.50	£7.90	2%
Dangerous Wild Animals (NEW - Domestic)	£458.80	£468.00	£9.20	2%
Dangerous Wild Animals (RENEWAL - Domestic)	£314.40	£320.70	£6.30	2%
Performing Animals (NEW)	£366.80	£374.10	£7.30	2%
Performing Animals (RENEWAL)	£300.60	£306.60	£6.00	2%
Pet Sales (NEW)	£530.50	£541.10	£10.60	2%
Pet Sales (RENEWAL)	£392.50	£400.40	£7.90	2%
Riding Establishments (based on 1 - 21 horses)	£705.90	£720.00	£14.10	2%
Home Boarders/daycare (up to 6 dogs)	£351.80	£358.80	£7.00	2%
Home Boarders/daycare (up to 6 dogs) renewal	£250.30	£255.30	£5.00	2%
Dog Day Care (NEW)	£351.80	£358.80	£7.00	2%
Dog Day Care (RENEWAL)	£314.40	£320.70	£6.30	2%
PART B - Ongoing costs (visits, enforcement etc)	£183.20	£195.50	£12.30	7%
Application total	£522.20	£557.20	£35.00	7%
PART A - More than 10 dogs	New Charge	£554.54	New charge	New charge
PART B - More than 10 dogs	New Charge	£195.50	New charge	New charge
Application total	New Charge	£750.04	New charge	New charge
ENVIRONMENTAL PUBLIC PROTECTION				
High hedges				
Preliminary investigation of complaints	N/A	£168.00	New Charge	New Charge
Formal investigation - Remedial Notice	N/A	£504.00	New Charge	New Charge
Collection of Noise Monitoring Equipment				
Late Penalty Charges	N/A	£55.00	New Charge	New Charge
Daily Charge - Extended use	N/A	£20.00	New Charge	New Charge

Fee Description	2023/24 Charge (£)	2024/25 Charge (£)	Proposed Variation (£)	Proposed Variation (%)
1 day per week (Standard Stall)	£22.80	£22.80	£0.00	0%
1 day per week (Extended)	£33.10	£33.10	£0.00	0%
2 days per week (Standard)	£30.80	£30.80	£0.00	0%
2 days per week (Extended)	£46.80	£46.80	£0.00	0%
3 days per week (Standard)	£48.00	£48.00	£0.00	0%
3 days per week (Extended)	£68.50	£68.50	£0.00	0%
4 days per week (Standard)	£60.50	£60.50	£0.00	0%
4 days per week (Extended)	£90.20	£90.20	£0.00	0%
5 days per week (Standard)	£76.50	£76.50	£0.00	0%
5 days per week (Extended)	£111.90	£111.90	£0.00	0%
6 days per week (Standard)	£93.60	£93.60	£0.00	0%
6 days per week (Extended)	£134.80	£134.80	£0.00	0%
Additional charge per day payable for trading on Friday and/or Saturday	£11.00	£11.00	£0.00	0%
2 days per week for start-up businesses in North End Road Market	£11.00	£11.00	£0.00	0%
PRIVATE MARKET OPERATOR LICENCES				
Private Market Operator Licence (6 months) 5 to 9 stalls	New Charge	£610.60	New Charge	New Charge
Private Market Operator Licence (6months) 10 to 20 stalls	New Charge	£1,011.00	New Charge	New Charge
Private Market Operator Licence (6months) 21 to 50 stalls	New Charge	£2,103.00	New Charge	New Charge
Private Market Operator Licence (6months) 50 to 100 stalls	New Charge	£3,923.00	New Charge	New Charge

Fee Description	2023/24 Charge (£)	2024/25 Charge (£)	Proposed Variation (£)	Proposed Variation (%)
BULKY HOUSEHOLD WASTE COLLECTIONS				
<i>20% discount applied for charities</i>				
Standard - up to 10 items of household bulky waste	£30.00	£45.00	£15.00	50%
Standard - each additional item	£3.00	£4.50	£1.50	50%
Special fee – rubble sacks - for up to 5 sacks	£33.68	£50.00	£16.32	48%
Special fee – rubble sacks - each additional item	£3.30	£5.00	£1.70	52%
Special fee – bathroom suites - for up to 5 items	£33.68	£50.00	£16.32	48%
Special fee – bathroom suites - each additional item	£6.50	£5.00	£-1.50	-23%
Special fee – fencing - for up to 5 panels	£39.27	£50.00	£10.73	27%
Special fee – fencing - each additional item	£6.50	£5.00	£-1.50	-23%
Special fee – broken down sheds - per shed	£68.11	£75.00	£6.89	10%
GARDEN WASTE				
Annual Garden Waste Subscription	New Charge	£65.00	New Charge	New Charge
COMMERCIAL WASTE				
Fee Description	2023/24 Charge (£)	2024/25 Charge (£)	Proposed Variation (£)	Proposed Variation (%)
WASTE AND RECYCLING COLLECTIONS - charge per sack/empty				
<i>20% discount applied for charities. Officers can apply discretion over commercial discounts</i>				
Recycling Sacks	£2.15	£2.30	£0.15	7%
Waste Sacks	£3.00	£3.30	£0.30	10%
360 Ltr Recycling Bin	£7.70	£8.50	£0.80	10%
360 Ltr Waste Bin	£13.10	£14.40	£1.30	10%
660 Ltr Recycling Bin	£10.90	£12.00	£1.10	10%
660 Ltr Waste Bin	£17.15	£18.90	£1.75	10%
940 Ltr Waste Bin	£23.80	£26.20	£2.40	10%
1100 Ltr Waste Bin	£23.80	£26.20	£2.40	10%
1100 Ltr Waste Bin (heavy)	£25.90	£28.50	£2.60	10%
1280 Ltr Recycling Bin	£16.00	£17.60	£1.60	10%
1280 Ltr Recycling Bin (heavy)	£17.70	£19.50	£1.80	10%
Compactors	£561.40	£617.50	£56.10	10%
DOMESTIC BIN HIRE - charge per bin per week				
360 Ltr Euro Bin	£1.60	£1.80	£0.20	13%
660 Ltr Bin	£2.40	£3.50	£1.10	46%
940 Ltr Bin	£2.40	£2.60	£0.20	8%
1100 Ltr Euro Bin	£3.10	£3.80	£0.70	23%
1280 Ltr Euro Bin	£3.10	£3.80	£0.70	23%
CONTAINER REPLACEMENT - charge per bin				
360 Ltr Bin	£140.90	£169.10	£28.20	20%
660 Ltr Bin	£374.20	£449.00	£74.80	20%
940 Ltr Palladin Bin	£393.90	£472.70	£78.80	20%
940 Ltr Chamberlain	£393.90	£472.70	£78.80	20%
1100 Ltr Euro Bin	£388.00	£465.60	£77.60	20%
1280 Litre Euro Bin	£490.50	£588.60	£98.10	20%

Fee Description	2023/24 Charge (£)	2024/25 Charge (£)	Proposed Variation (£)	Proposed Variation (%)
COMMERCIAL RECYCLING CONTAMINATION CHARGE				
Orange Sack - Customer not removing contamination - 1 contaminated sack	£35.00	£50.00	£15.00	43%
Orange Sack - Customer not removing contamination - additional sacks	£35.00	£50.00	£15.00	43%
360 Ltr Euro Bins - Customer not removing contamination - 1 contaminated container	£33.60	£50.00	£16.40	49%
360 Ltr Euro Bins - Customer not removing contamination - additional containers	£33.60	£50.00	£16.40	49%
360 Ltr Euro Bins - Customer removes contamination and requires additional collection - 1 contaminated container	£33.60	£50.00	£16.40	49%
360 Ltr Euro Bins - Customer removes contamination and requires additional collection - additional containers	£33.60	£50.00	£16.40	49%
660 Ltr Euro Bins - Customer not removing contamination - 1 contaminated container	£33.60	£50.00	£16.40	49%
660 Ltr Euro Bins - Customer not removing contamination - additional containers	£33.60	£50.00	£16.40	49%
660 Ltr Euro Bins - Customer removes contamination and requires additional collection - 1 contaminated container	£33.60	£50.00	£16.40	49%
660 Ltr Euro Bins - Customer removes contamination and requires additional collection - additional containers	£33.60	£50.00	£16.40	49%
1100 Ltr Euro Bins - Customer not removing contamination - 1 contaminated container	£33.60	£50.00	£16.40	49%
1100 Ltr Euro Bins - Customer not removing contamination - additional containers	£33.60	£50.00	£16.40	49%
1100 Ltr Euro Bins - Customer removes contamination and requires additional collection - 1 contaminated container	£33.60	£50.00	£16.40	49%
1100 Ltr Euro Bins - Customer removes contamination and requires additional collection - additional containers	£33.60	£50.00	£16.40	49%
1280 Ltr Euro Bins - Customer not removing contamination - 1 contaminated container	£33.60	£50.00	£16.40	49%
1280 Ltr Euro Bins - Customer not removing contamination - additional containers	£33.60	£50.00	£16.40	49%
1280 Ltr Euro Bins - Customer removes contamination and requires additional collection - 1 contaminated container	£33.60	£50.00	£16.40	49%
1280 Ltr Euro Bins - Customer removes contamination and requires additional collection - additional containers	£33.60	£50.00	£16.40	49%

HIGHWAYS

Fee Description	2023/24 Charge (£)	2024/25 Charge (£)	Proposed Variation (£)	Proposed Variation (%)
Other				
Provision of General Highways Information	£500.00	£550.00	£50.00	10%
Crossover Application fee	£300.00	£330.00	£30.00	10%
Canopy Fee - One off charge	£300.00	£330.00	£30.00	10%
Canopy Fee - Renewal	£150.00	£165.00	£15.00	10%
Table and Chairs Licences				
Tables and Chairs Licence - Pedestrian Squares	£600.00	£660.00	£60.00	10%
Tables and Chairs Licence - Town Centres	£900.00	£990.00	£90.00	10%
Tables and Chairs Licence - Other streets	£600.00	£660.00	£60.00	10%
Advertising Board Licence	£200.00	£220.00	£20.00	10%
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%
Scaffolding / Hoarding Licence Commercial Single Frontages (and residential sites measuring up to 15m)	£380.00	£420.00	£40.00	11%
Scaffolding / Hoarding Licence (Any site measuring more than 15m)	£800.00	£960.00	£160.00	20%
Crane Licences				
Major crane Application	£500.00	£1,000.00	£500.00	100%
Minor Crane Operations	£250.00	£500.00	£250.00	100%
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	£125.00	£130.00	£5.00	4%
- Each additional month	£125.00	£130.00	£5.00	4%
Mini Skip, two weeks	New Charge	£100.00	New Charge	New Charge
Applications for highway licences, where applicable, also require payment for the suspension of a parking bay				

Fee Description	2023/24 Charge (£)		Proposed Variation (£)	Proposed Variation (%)
Other Highways Licences (14 day duration)				
Magazine Dispensers	£1,050.00	£1,155.00	£105.00	10%
Storage Containers (developments, stadiums, etc.)	£1,000.00	£1,100.00	£100.00	10%
Cellar Doors - One off license fee	£400.00	£440.00	£40.00	10%
Cellar Doors - Renewal fee	£200.00	£220.00	£20.00	10%
Portaloos	£100.00	£110.00	£10.00	10%
Site huts	£300.00	£330.00	£30.00	10%
- Each additional fortnight	£300.00	£330.00	£30.00	10%
Accident Data	£100.00	£200.00	£100.00	100%
Call outs (for first day - not including additional costs)	£200.00	£220.00	£20.00	10%
- Each additional day	£75.00	£82.50	£7.50	10%
Highways Inspection Data				
Application	£500.00	£550.00	£50.00	10%
Highways Land Enquires				
Text Based	£100.00	£120.00	£20.00	20%
Drawing	£200.00	£240.00	£40.00	20%
Costs of Traffic Surveys				
4 Arm Junction	£700.00	£770.00	£70.00	10%
Single Carriageway	£700.00	£770.00	£70.00	10%
Other Junctions	£700.00	£770.00	£70.00	10%
Street Naming and Numbering				
Initial new addressable Unit	£200.00	£400.00	£200.00	100%
Additional Addressable Unit	£70.00	£140.00	£70.00	100%
New building name	£140.00	£280.00	£140.00	100%
New Street name	£140.00	£280.00	£140.00	100%
Address verification	£90.00	£0.00	£-90.00	-100%
Copies of Documentation	£50.00	£0.00	£-50.00	-100%
Research Time	£90.00	£180.00	£90.00	100%

ENVIRONMENTAL QUALITY

Fee Description	2023/24 Charge (£)	2024/25 Charge (£)	Proposed Variation (£)	Proposed Variation (%)
Demolition Notice S80 Building Act (VAT not included)	£300.00	£360.00	£60.00	20%
Environmental Searches for Contaminated Land Enquiries (Environmental Information Regulations 2004)				
Residential Property*	£200.00	£240.00	£40.00	20%
Commercial Property*	£200.00	£240.00	£40.00	20%
*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	2023/24 Charge (£)	2024/25 Charge (£)	Proposed Variation (£)	Proposed Variation (%)
GRAVE PURCHASE - HAMMERSMITH & FULHAM				
Grave Purchase & Grant - North Sheen / Mortlake - Resident	£3,055.00	£3,666.00	£611.00	20%
Grave Purchase & Grant - North Sheen / Mortlake	£6,110.00	£7,332.00	£1,222.00	20%
INTERMENT OF CREMATED REMAINS				
<i>The interment cost for residents' children up to 18 years of age are waived</i>				
Scattering of Ashes - Resident	£120.00	£128.00	£8.00	7%
Scattering of Ashes - Non-Resident	£208.00	£128.00	£-80.00	-38%
REGISTER SEARCH FEE				
1 Search	£30.00	£30.00	£0.00	0%
2 Searches	£50.00	£50.00	£0.00	0%
3 Searches	£60.00	£60.00	£0.00	0%
CHANGE OF OWNERSHIP				
Registering change of ownership & new Deed	£117.00	£117.00	£0.00	0%
As above but statutory declaration required	£200.00	£200.00	£0.00	0%
PARKS				
Professional Dog Walker Licence - Resident (annual)	£199.80	£210.00	£10.20	5%
Professional Dog Walker Licence - Non Resident (annual)	£342.50	£410.00	£67.50	20%

Fee Description	2023/24 Charge (£)	2024/25 Charge (£)	Proposed Variation (£)	Proposed Variation (%)
SWIMMING LESSONS				
Junior - Better Junior Member (30 minute lesson)	£6.50	£7.15	£0.65	10%
Junior - Better Junior Member (45 minute lesson)	£9.80	£10.80	£1.00	10%
LEISURE IN PARKS				
FOOTBALL (GRASS PITCHES) - LBHF				
<i>Inclusive of Changing Rooms when available & Nets/Flags</i>				
Per Pitch Per Hour - Out of Borough & Private Schools	£84.00	£100.00	£16.00	19%
11-A-SIDE ALL-WEATHER PITCHES (11AWP)				
<i>Inclusive of Pitch Hire Only</i>				
Per Pitch Per Hour - Out of Borough & Private Schools	£84.00	£100.00	£16.00	19%
5-A-SIDE ALL-WEATHER PITCHES (5AWP)				
<i>Inclusive of Pitch Hire Only</i>				
Per Pitch Per Hour - Out of Borough & Private Schools	£51.00	£61.00	£10.00	20%
RUGBY / GAELIC FOOTBALL / LA CROSSE / HOCKEY / AUSTRALIAN RULES				
<i>Inclusive of Changing Rooms</i>				
Per Pitch Per Hour - Out of Borough & Private Schools	£84.00	£100.00	£16.00	19%
CRICKET PITCH - LBHF				
<i>Wormwood Scrubs only (Inclusive of Changing Rooms)</i>				
Per pitch - Out of Borough and Private School	£84.00	£100.00	£16.00	19%
CRICKET (NETS)				
<i>South Park Only (Inclusive of Net Hire only, where requested without a pitch).</i>				
Per pair - Out of Borough and Private School - H	£19.30	£23.00	£3.70	19%
ROUNDERS/BASEBALL/SOFTBALL				
<i>Wormwood Scrubs only (Inclusive of Changing Rooms)</i>				
Per Pitch Per Hour - Out of Borough & Private Schools	£79.50	£95.00	£15.50	19%
TOUCH/TAG RUGBY				
<i>Inclusive of Pitch Hire Only</i>				
Per Pitch Per Hour - Out of Borough & Private Schools	£84.00	£100.00	£16.00	19%
ATHLETICS & SPORTS DAYS - HURLINGHAM PARK & SOUTH PARK				
<i>Inclusive of Line Markings (100m Track) (No Changing Rooms)</i>				
Per Space Per Hour - Out of Borough & Private Schools	£84.00	£100.00	£16.00	19%
ATHLETICS & SPORTS DAYS - All Other Sites				
<i>Inclusive of Pitch Hire Only</i>				
Per Space Per Hour - Out of Borough & Private Schools	£52.90	£64.00	£11.10	21%
NETBALL - LBHF				
Per Court Per Hour - Out of Borough & Private Schools	£29.80	£36.00	£6.20	21%
Netball - Per Court Per Hour - Out of Borough & Private Schools - Floodlit	£35.60	£43.00	£7.40	21%
HURLINGHAM PARK TRAINING AREA				
<i>Inclusive of Changing Rooms & Floodlights (Where Available)</i>				
Training Area Per Hour - Out of Borough & Private Schools	£67.20	£81.00	£13.80	21%
BISHOPS PARK, BROOK GREEN, EEL BROOK COMMON, LILLIE ROAD, NORMAND PARK & SOUTH PARK TRAINING AREAS				
<i>Inclusive of Pitch Hire Only</i>				
Training - Out Of Borough And Private School and General	£34.20	£41.00	£6.80	20%
Running Track Hire				
Training - Out Of Borough And Private School and General	£78.00	£94.00	£16.00	21%
Sports Day - Out Of Borough And Private School and General (Each additional hour)	£104.60	£126.00	£21.40	20%
11-a-side all weather pitch				
<i>Bookings for 10 or more games are exempt from VAT - Inclusive of changing rooms if desired</i>				
Per Pitch - Out Of Borough And Private School	£85.70	£103.00	£17.30	20%
5-a-side all weather pitch				
<i>Inclusive of changing rooms if desired</i>				
Per Pitch - Out Of Borough And Private School	£42.60	£51.00	£8.40	20%
Baseball Batting Cages				
Per Cage - Out Of Borough And Private School	£19.90	£24.00	£4.10	21%

Fee Description	2023/24 Charge (£)	2024/25 Charge (£)	Proposed Variation (£)	Proposed Variation (%)
LIBRARIES				
Photographic permit (reproduction)	£5.50	£6.00	£0.50	9%
Internet charges per half hour after first hour	£0.60	£0.70	£0.10	17%
Memory stick	£9.00	£10.00	£1.00	11%
Lost / damaged membership cards - under 15	£1.00	£1.00	£0.00	0%
Lost / damaged membership cards - over 15	£3.00	£3.00	£0.00	0%
Room / Space hire				
Groups				
Community groups room hire during library hours (per hour)	£25.00	£28.00	£3.00	12%
Community groups room hire outside library hours (per hour)	£75.00	£83.00	£8.00	11%
Other groups room hire during library hours (per hour)	£40.00	£44.00	£4.00	10%
Other groups room hire outside library hours (per hour)	£90.00	£100.00	£10.00	11%
Other groups room hire during library hours (per day)	£210.00	£231.00	£21.00	10%
Community groups room hire during library hours (per hour)	£10.00	£11.00	£1.00	10%
Community groups room hire outside library hours (per hour)	£30.00	£33.00	£3.00	10%
Other groups room hire during library hours (per hour)	£15.00	£17.00	£2.00	13%
Other groups room hire outside library hours (per hour)	£45.00	£50.00	£5.00	11%
Other groups room hire during library hours (per day)	£75.00	£83.00	£8.00	11%
Community groups room hire during library hours (per hour)	£15.00	£17.00	£2.00	13%
Community groups room hire outside library hours (per hour)	£45.00	£50.00	£5.00	11%
Other groups room hire during library hours (per hour)	£25.00	£28.00	£3.00	12%
Other groups room hire outside library hours (per hour)	£75.00	£83.00	£8.00	11%
Other groups room hire during library hours (per day)	£130.00	£143.00	£13.00	10%
Flip Chart pad	£6.00	£7.00	£1.00	17%
Flip Chart pens (4 pack)	£3.00	£4.00	£1.00	33%
Projector & Screen	£20.00	£22.00	£2.00	10%
Screen only	£5.00	£6.00	£1.00	20%
50" Display Screen*	£50.00	£54.00	£4.00	8%
Chiavari Chairs (each)	£3.00	£4.00	£1.00	33%
Weddings				
Weddings - Fulham - Monday to Thursday	£400.00	£450.00	£50.00	13%
Weddings - Fulham - Friday	£500.00	£550.00	£50.00	10%
Weddings - Fulham - Saturday to Sunday	£600.00	£650.00	£50.00	8%
Weddings - Fulham Ref Office - Monday to Thursday	£200.00	£250.00	£50.00	25%
Weddings - Fulham Ref Office - Friday	£300.00	£350.00	£50.00	17%
Weddings - Fulham Ref Office - Saturday to Sunday	£400.00	£450.00	£50.00	13%
Exhibitions				
Exhibition space - preparation day	£120.00	£135.00	£15.00	13%
Exhibition space - per day	£170.00	£190.00	£20.00	12%

Draft Equalities Impact Assessment (EIA) 2024/25

Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duty is a continuing legal duty and is not a duty to secure a particular outcome. Where appropriate the equalities impact will be revisited on each of the projects and/or savings proposals as they are developed. Consideration of the duty should precede the decision to implement them.

The statutory grounds of the public sector equality duty are found at Section 149 of the Equality Act 2010 and are as follows: A public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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 to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- 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.
- 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.

The steps involved in meeting the needs of Disabled persons that are different from the needs of persons who are not disabled include steps to take account of Disabled persons' impairment or long-term health condition.

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:

- Tackle prejudice,
- Promote understanding.

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.

The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation
- Marriage and Civil partnership

In addition to the above, the Council also recognise those who are 'care experienced' as being a protected characteristic.

The Council must give due regard to its equalities duties, in particular with respect to general duties arising pursuant to Section 149 of the Equality Act 2010.

When making any decisions about growth, savings, and investment the Council must have due regard to the need to advance equality, in particular, to the need to remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.

An analysis of the proposal to increase Council Tax levels is detailed below.

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

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

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

Analysis of the impact of Council Tax increase and applying Adult Social Care precept

A 2.99% increase in Council Tax is proposed and the application of a 2% adult social care precept. These increases are modelled by the government in their spending power calculations for local government. This will take Band D Council Tax from £871.86 to £915.37.

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

The percentage increase will be applied to all bands of council tax, as required by law. This will impact on all residents who are eligible to pay Council Tax. The average increase in cost per week on a Band D property is £0.85p. Since Council Tax is applicable to all properties it is not considered that the increase targets any one group; rather it is an increase that is applied across the board. At the same time because the increase is applied to all properties it is not possible to exempt any group.

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

Council Tax Exemptions and Discounts

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

Occupied Properties with only the following residents:

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

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

Unoccupied properties

- g) owned by a charity are exempt for up to six months.
- h) empty due to resident receiving care in a hospital or home elsewhere.
- i) empty as resident has been sent to prison.
- j) empty as resident has moved to care for someone else.
- k) empty awaiting probate and for six months after probate is granted.

- l) has been repossessed.
- m) is the responsibility of a bankrupt's trustee.
- n) is waiting for a minister of religion to move in,
- o) empty by a student whose term-time address is elsewhere,
- p) empty because it is against the law to live there, including from 1st April 2007 where a planning condition prevents occupation.
- q) empty as it forms part of another property and may not be let separately.

Pitch or mooring

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

Those who are care experienced up to the age of 25 are now exempt from having to pay Council Tax. As part of the budget proposals for 2024/25, the Council will now provide exemptions for in-house foster carers and special guardians. This is in addition to over 13,000 households who currently receiving Council Tax support in Hammersmith and Fulham.

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

The liability for Council Tax is summarised below:

Total dwellings in the borough	94,177	100%
Reductions:		
Exemptions (mainly students, includes care leavers and vacant properties)	(3,415)	(4%)
Council Tax support claimants (elderly & working age on low income)	(10,087)	(11%)
Single person discount (25% discount)	(26,143)	(27%)
Dwellings liable for 100% of Council Tax	54,532	58%

The Business Rates Retention Scheme for Hammersmith and Fulham

		2023/24 £m	2024/25 £m
Step 1	Business rates baseline Notification from the government of the business Rates they expect Hammersmith & Fulham to collect	84.369	78.101
Step 2	Tariff Payable to government	(14.022)	(10.524)
Step 3	Funding baseline The income from business rates that government modelling assumes Hammersmith & Fulham will retain	64.171	67.577
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.	59.358	
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.	57.757	62.509
Step 6	Safety net compensation Sum receivable by Hammersmith & Fulham to bring it to the safety net threshold (Step 5 less step 4).	1.643	

The London Borough of Hammersmith & Fulham share of business rates income included in the 2024/25 budget is £62.5m. This is the minimum sum guaranteed by the safety net threshold. This is £5m lower than the funding baseline (step 3) assumed by the government.

APPENDIX H - 2024/25 RESERVES STRATEGY AND FORECAST

Summary

The Council continues to operate in an environment of considerable uncertainty and financial challenge. Firstly, there is the cumulative impact of 13 years of budget reductions, since the onset of the austerity era in 2010. Secondly the ongoing uncertainty of the future of the over-arching Local Government funding regime, and what in recent years has been the persistence of one-year funding settlements, limiting the sector's ability to plan with certainty beyond a one-year window. Finally, national economic conditions continue to be oppressive, with high inflation and interest rates increasing costs for delivering services, reducing commercial income, increasing the cost of investment plans and increasing the demand for public services. As a result, 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 £21.3m and estimated earmarked reserves of £72.0m at the start of 2024/25. Based on the most recent comparative data (the start of 2022/23) the Council's reserves are slightly above average, as a percentage of net revenue expenditure, for a London Borough. After considering future commitments, ear marked reserves are expected to reduce by 22% over the next four years.

The Council is already committed to use reserves to fund several major initiatives and priorities. These include Civic Campus, homelessness prevention, regeneration schemes, Adult Social Care and the Dedicated Schools Grant "Safety Valve" agreement. It also faces significant current and future financial pressures and risks and potential costs of future service improvements. The Council receives a good level of contributions from s106 and CIL agreements. These are subject to a separate monitoring process.

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 2023/24 Hammersmith and Fulham carried forward General Fund reserves and balances of £119.6m. Forecast balances to 2027/28 is set out below in Table 1.

Table 1 – The general balance and earmarked reserves 2023/24 to 2027/28 forecast

	April	April	April	April	April
	2023	2024	2025	2026	2027
	£m	£m	£m	£m	£m
General balances (recommended range £19m - £23m)	21.3	21.3	21.3	21.3	21.3
Earmarked reserves	98.3	72.0	62.0	68.7	70.2
Sub Total	119.6	93.3	83.4	90.0	91.6
Developer contributions (Subject to separate monitoring and approval)	48.9				

4. The level of reserves increased significantly in 2020/21. In part this related to the carry forward of £51.4m regarding the financial impact of Covid-19. The majority of this was not new money for the council to spend, it was required to fund existing liabilities regarding business rates reliefs (£41m) and business grants (£3.9m). These reserves have now been utilised.
5. The reserves include, in line with accounting practice, £48.9m 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.
6. A comparison between Hammersmith & Fulham and the London borough average, based on the most recent data (the start of 2022/23), is set out in Table 2. The final row of the table (General Fund and non-schools earmarked general fund reserves as a percentage of service revenue expenditure) is the more illuminating, as it takes into account the Council's smaller size compared to most other London boroughs.

Table 2 – Comparison to other London Boroughs as of 31 March 2022

Measure	Hammersmith & Fulham	Average for London Boroughs	Ranking relative to another London Boroughs (/32)
Total general fund and non-schools earmarked general fund reserves	£127.8m	£142.5m	18
General fund and non-schools earmarked general fund reserves as a percentage of gross service revenue expenditure (%)	21.33%	59%	14

7. The Council has put in place a reserves strategy to ensure effective oversight regarding the level and use of reserves and has established an action plan to maintain reserves at an appropriate level.

RESERVES STRATEGY

8. The Council's reserves strategy is based on the following key principles:
- General Balances are reviewed annually as part of the Council Tax and Budget report.
 - Those reserves no longer required for their intended purpose are identified and made available for other defined priorities.
 - The level of reserves and forecast should be re-assessed every 6 months to ensure their adequacy.
 - The risk assumptions to be reviewed every 6 months. A detailed analysis of risk assumptions is attached in **Appendix 1**.
 - 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 Strategic 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. 2023/24 Budget Council agreed that the medium-term recommended range for general balances is between £19m and £23m. For 2024/25 the budgeted general balance is £21.3m.
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. A detailed list of the Council's earmarked reserves and their purpose is attached in **Appendix 2**. As set out in **Table 3**, the level of General Fund earmarked reserves carried forward at the start of 2023/24 was **£98.3m**. In accordance with the reserves strategy the intended purpose, and level of such reserves has been reviewed. The proposed balances carried forward after in year contributions and commitments is £71m.

13.

Table 3 - Earmarked Reserves Opening Balance 2023-24 and Proposed Closing Balance After Commitments and Contributions (as at CRM6 2023/24)

	Opening Balance 1st April 2023	Forecast Movement	Forecast Closing Balance 31st March 2024
Ear Marked Reserves	£m	£m	£m
Corporate Demands and Pressures	(37.4)	8.2	(29.1)
Insurance Fund	(4.5)	0.0	(4.5)
Inflation Risk	(4.8)	0.0	(4.8)
Civic Campus	(1.4)	1.4	0.0
Digital	(5.9)	3.9	(2.0)
Invest to save	(2.7)	2.6	(0.1)
Parking	(2.8)	2.8	(0.0)
DSG	(15.1)	0.0	(15.1)
Unallocated Contingency	(1.5)	0.7	(0.9)
Pre-Development Costs	(5.0)	0.0	(5.0)
Planning Reserve	(1.7)	0.7	(1.0)
Other Service Reserves	(8.9)	4.0	(4.9)
Other Corporate Reserves	(6.7)	2.1	(4.6)
Sub Total General Fund Ear-Marked Reserves	(98.3)	26.4	(72.0)

13. An earmarked reserve of **£15.1m** is held regarding the cumulative Dedicated Schools Grant (DSG) high needs deficit. 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.
14. **Appendix 3** summarises the current forecast drawdowns from, and planned contributions to, earmarked reserves. The major commitments include:
- £0.8m regarding investment in the Contact and Assessment Service to support and protect vulnerable children and families.
 - £0.5m provision for Children's High Needs block
 - £0.2m provision for Early Years Inclusion Team
 - Further investment to undertake an area-based prototypes for an **alternative waste collection scheme** 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.

- £3.3m Parking Reserve – The current capital programme assumes the reserve will be fully released in 2023/24 for the Clean Air Neighbourhoods Programme. The scheme has been delayed so this expenditure may slip to 2024/25. An update will be provided at Q3.

Reserves adequacy and future risk / priorities

15. A detailed analysis of the budget assumptions and management assessment of the impact on the financial position is set out in **Appendix 1**. The reserves cashflow forecast detailed in **Appendix 3** 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 2023/24 forecast budget overspend (reported in Corporate Revenue Monitor month 6) of £4.0m after mitigations.

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

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Opening balance	(119.7)	(93.3)	(83.5)	(90.2)
Forecast movement	26.4	9.8	(6.6)	(1.6)
Closing balance	(93.3)	(83.5)	(90.2)	(91.7)
Developer contributions	48.9			

16. The Council faces several potential risks whilst indicative plans for further service transformation highlight possible further calls on reserves. Such risks include:
 - Discussions 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 and the cost-of-living crisis.
 - 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.
17. **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
1	Relocate back to the new Civic Campus at the earliest opportunity and capitalisation of appropriate programme costs (£1.5m to date).
2	New ways of working following the learning from the Covid-19 pandemic may enable other accommodation savings to be made.
3	Manage in-year council spend within budget to enable additional contributions to reserves.
4	Prepare and consider a programme of asset disposals to deliver capital receipts to fund invest to save and IT investment costs through the flexible use of capital receipts. The regulations require expenditure to be incurred by the end of 2024/25 and £4.3m of receipts are earmarked within the capital programme mainly for REAP, see point 5 below.
5	Review of future requests to use reserves, such as the Resident Experience and Access Programme, to identify potential use of capital receipts.
6	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.
7	Peer challenge by the Chief Executive and Strategic Director of Finance of all existing commitments.
8	Balance sheet review to establish if further reserves can be freed up (relating to Business Rates and the Collection Fund).
9	Release the Dedicated Schools Grant (DSG) support reserve in line with the DSG recovery plan
10	Review external funding opportunities and developer contributions.
11	Assess the IT funding requirement over the medium-term.
12	Review existing commitments and 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.
13	Consider additional contributions to reserves as part of annual revenue budget setting process.

Appendices

Appendix 1 - Budget Assumptions and Risk

Appendix 2 - Earmarked Reserves Description

Appendix 3 - General Fund reserves forecast to 31st March 2027

Appendix 1 - Budget assumptions and Risk

The Codes of Audit Practice in England, Wales, Scotland and Northern Ireland make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks should be assessed in the context of the authority's overall approach to risk management.

Budget Assumptions and Management Assessment of Impact on Financial Position

Budget Assumption	Value of Risk	Adequacy of Reserve
The treatment of inflation and interest rates	£1.7m	<p><i>The overall financial position of the authority (level of borrowing, debt outstanding, Council Tax collection rates etc).</i></p> <p><i>Rises in the prices of some commodities, Eg fuel and energy, highlight the relevance of using several inflation rates in the budget and financial strategy, and considering whether general reserves are adequate to deal with unexpected increases.</i></p> <p><i>Volatility in the financial markets also points to the need to consider investment and borrowing risks and their impact on income.</i></p> <p>The value of risk is the impact of a 1% increase in inflation on the forecast for contract inflation.</p> <p>The inflation reserve balance of £4.8m is adequate to meet this pressure in the short term.</p>
Estimates of the level and timing of capital receipts		<p><i>The authority's track record in budget and financial management including the robustness of the medium-term plans.</i></p> <p><i>Authorities will also need to consider changes in the property market and adjust estimates and assumptions for reserves accordingly.</i></p> <p><i>Dispensation for flexible use of capital receipts for REAP expenditure expires FY 2024/25.</i></p> <p>There is currently a nil future forecast for General Fund receipts.</p>

	£0.400m	<p>HRA - £16m restricted receipts (affordable housing) – the Council is liable for interest on repayments. £1.2m estimated for 23/24.</p> <p>This is adequately provided for within Capital receipts reserve. This could be funded from capital receipts or borrowing (which would incur a revenue cost of borrowing of 5.2%)</p>
The treatment of demand led pressures		<p><i>The authority's capacity to manage in-year budget pressures, and its strategy for managing both demand and service delivery in the longer term.</i></p> <p>The Council holds an earmarked Corporate Demands and Pressures reserve, current balance of £37.4m to mitigate for fluctuations in demand.</p>
The treatment of planned efficiency/savings/productivity gains	£1.450m	<p><i>The strength of the financial information and reporting arrangements.</i></p> <p><i>The authority should also be able to activate contingency plans should the reporting arrangements identify that planned savings or gains will either not be achieved or be delayed.</i></p> <p>In year savings plans of £2.9m were assumed in the 2023/24 budget.</p> <p>If 50% of the target became unachievable, the shortfall could be met by the Corporate Demands and Pressure reserve in the short term.</p>
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments		<p><i>The authority's virement and end of year procedures in relation to budget under/overspends at authority and department/directorate level.</i></p> <p><i>Risk management measures in relation to partnerships, including consideration of risk allocation.</i></p> <p><i>Contract provisions designed to safeguard the authority's position in the event of problems arising from outsourcing arrangements.</i></p>

	<p>£0.950m</p> <p>Reserves may also need to be established to manage commercial risks where authorities have invested in commercial properties.</p> <p>Civic Campus – risks around profit share. The profit share assumed on completion is currently £9.5m. If this forecast decreased by 10%, this would reduce the forecast level of reserves.</p>
	<p>£0.630m</p> <p>Education City - risks attached to loan arrangement. If interest rates go up by 1%, the impact would be £0.630m additional cost of borrowing. This could be met by reserves in the short term.</p> <p>£5m is set aside in the Pre-Development reserve to mitigate against risks within capital strategy and initiatives.</p>
The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions	<p><i>The adequacy of the authority's insurance arrangements to cover major unforeseen risks.</i></p> <p><i>When considering insurance cover, the structure of the cover as well as the overall level of risk should be considered. Risk assessments should be used when balancing the levels of insurance premiums and reserves.</i></p> <p>The Council currently holds an earmarked Insurance reserve of £4.5m. Claims reviews are carried out every month and as well as periodical actuarial reviews. The most recent actuarial review gave assurance that reserves levels were adequate.</p>
The general financial climate to which the authority is subject to.	<p><i>External factors, such as future funding levels expected to be included in Spending Reviews and expected referenda principles and limits, will influence an authority's ability to replenish reserves once they have been used.</i></p> <p><i>Any plans for using reserves will need to consider the need and ability of the authority to replenish the reserves, and the risks to which the authority will be exposed whilst replenishing the reserves.</i></p>

	£1.500m	<p>This is the balance available in the unallocated contingency reserve to mitigate against short term pressures.</p> <p>The Council's general balance for 2023/24 is £21.3m. This equates to 4.1% (15 days spend) of the council's gross budget of £565.1m.</p> <p>This is within the medium-term optimal range of £19m to £23m.</p> <p>General balances are forecast to remain within the optimum range in 2024/25.</p>
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Appendix 2 – Earmarked Reserves Description

Earmarked Reserves are amounts set aside for specific purposes. The main purpose of each earmarked reserve is explained below.

	Reserve Name	Description
1	Corporate Demands and Pressures	To meet unbudgeted demands and pressures.
2	Insurance Fund	Underwrites a proportion of the Council's insurable risks.
3	Inflation	To provide for risks associated with inflationary pressures
4	Civic Campus	Can only be used to fund the costs of implementing the Civic Campus redevelopment
5	Digital	Can be used to provide for costs of the Council's digital works programme.
6	Invest to Save (Efficiency Projects)	To fund future revenue expenditure and capital investment that will provide future revenue savings.
7	Controlled Parking Fund	The surplus from the running of the Controlled Parking operations within the Borough is accumulated in this Fund. In the past, this reserve had to be used to meeting expenditure on transport and highways related activities.
8	Dedicated Schools Grant Reserves – a) DSG Support Reserve b) DSG Early Years Block	a) DSG Support Reserve –This reserve offsets the DSG Unusable Reserve Deficit to ensure that the expenditure incurred to date can be fully funded in light of continuing pressures and in the event that the deficit recovery plan is unable to recover the current cumulative position. Overall the DSG reserve (deficit and deficit set-aside) is nil as the cumulative deficit is matched by the reserve set aside. b) DSG High Needs Block Deficit Reserve Parliament has approved the Local Authorities (Capital Finance and Accounting)

	c) DSG High Needs Block	<p>(England) (Amendment) Regulations 2020 in November 2020 which amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits which must now be recorded in a separate account established solely for the purpose of recording deficits relating to school's budget and account for the cumulative Dedicated Schools Grant deficit in unusable reserves. As the statutory requirement is time limited, it continues to set aside reserves to match the High Needs Block deficit until such time as the cumulative deficit is eliminated.</p> <p>c) DSG (Schools & Early years Block) Reserve This reserve records the cumulative balance on the Schools and Early years block. Grant deficit to unusable reserves.</p>
9	Unallocated Contingency	A reserve held to mitigate against unforeseen costs to the Council
10	Pre-Development	This reserve is to provide for the risk associated with the council's general fund capital strategy and initiatives.
11	Planning Reserve	This reserve is to support funding of CIL related projects.
12	Other Service Reserves	This comprises several smaller reserves, which are held to fund various projects and potential future commitments that are managed by service areas.
13	Other Corporate Reserves	Comprises several smaller reserve balances, which are held to fund projects that are being managed by corporately
14	HRA Reserves	This reserve provides a working balance for the Housing Revenue Account, for which transactions are ring-fenced under the provisions of the Local Government and Housing Act 1989.

15	Schools Balances	Reserves held to fund projects related to Schools
16	Collection Fund	Billing authorities have a statutory obligation to maintain a separate Collection Fund in relation to collections from Council tax and NNDR and the distribution of these funds to Local Authorities and the Government.
17	S106 / CIL (Community Infrastructure Levy)	These reserves exist to fund various projects and potential future commitments in line with the requirements of the agreements

Appendix 3 - General Fund reserves forecast to 31st March 2027

Appendix 3 - General Fund reserves forecast to 31 st March 2027	31st March 2023	31st March 2024	31st March 2025	31st March 2026	31st March 2027
Earmarked Reserves	£m	£m	£m	£m	£m
Corporate Demands and Pressures	(37.4)	(29.1)	(22.9)	(21.5)	(21.5)
Insurance Fund	(4.5)	(4.5)	(4.5)	(4.5)	(4.5)
Inflation Risk	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)
Civic Campus	(1.4)	0.0	0.0	(9.5)	(9.5)
Digital	(5.9)	(2.0)	(2.4)	(1.6)	(2.4)
Invest to save	(2.7)	(0.1)	(0.9)	(1.6)	(2.4)
Parking	(2.8)	(0.0)	(0.0)	(0.0)	(0.0)
DSG	(15.1)	(15.1)	(14.8)	(14.8)	(14.8)
Unallocated Contingency	(1.5)	(0.9)	(1.3)	(1.3)	(1.3)
Pre-Development Costs	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Planning Reserve	(1.7)	(1.0)	(1.0)	(1.0)	(1.0)
Other Service Reserves	(8.9)	(4.9)	(1.5)	(0.4)	(0.4)
Other Corporate Reserves	(6.7)	(4.6)	(3.1)	(2.9)	(2.9)
Sub Total General Fund EM Reserves	(98.3)	(72.0)	(62.2)	(68.8)	(70.4)
General Balances	(21.3)	(21.3)	(21.3)	(21.3)	(21.3)
Total General Fund Reserves	(119.6)	(93.3)	(83.5)	(90.2)	(91.7)
HRA Reserves and Balances	(21.3)	(16.3)	(16.3)	(16.3)	(16.3)
Schools Balances	(0.3)	(0.6)	(0.6)	(0.6)	(0.6)
Collection Fund Reserve	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)
s106 / CIL	(2.2)	0.0	0.0	0.0	0.0
Total	(146.8)	(113.6)	(103.8)	(110.4)	(112.0)

APPENDIX I - LONDON BOROUGH OF HAMMERSMITH AND FULHAM (LBHF) CIPFA FM CODE REVIEW 2024-25

SUMMARY

1. The tightening fiscal landscape of recent years has placed the finances of local authorities under intense pressure. Therefore, it is crucial to have robust financial management embedded as part of the organisation to ensure that local service provision is sustainable.
2. The CIPFA Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code sets out the standards of financial management for local authorities.
3. The underlying principles set out in the code are:
 - Organisational leadership
 - Accountability
 - Financial management is undertaken with transparency at its core.
 - Adherence to professional standards
 - Sources of assurance are recognised.
 - The long-term sustainability of local services is at the heart of all financial management processes.
4. Whilst budgets are set on an annual basis, the Code emphasises that financial sustainability requires a longer-term perspective. Local authorities have been required to apply the Code from April 2020.
5. This report sets out how LBHF demonstrates the application of the CIPFA financial management standards. A “Red Amber Green” (RAG) summary of the Council’s self-assessment against the seven sections of the code is set out as follows:

Self- Assessment Conclusion

	Green	Amber	Red
Leadership Team and CFO Role			
Governance and Financial Management Style			
Long to Medium Term Financial Management			
The Annual Budget			
Stakeholder Engagement and Business Plans			
Monitoring Financial Planning			
External Financial Reporting			

FINANCIAL MANAGEMENT CODE – SELF ASSESSMENT ANALYSIS

Section 1 – the responsibilities of the chief financial officer and leadership team

A – The leadership team is able to demonstrate that the services provided by the authority provide value for money.

B – The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.

6. At LBHF there are various processes and structures in place to ensure that our services provide value for money. These include:
- The annual budget setting process, incorporating:
 - Internal budget challenge meetings.
 - Scrutiny via Policy and Accountability Committees (PACs); and
 - approval by Budget Council.
 - Corporate Revenue Monitoring (CRM) and Capital monitoring.
 - Preparation of the annual accounts and critical review of annual outturns.
 - Longer-term financial planning through the Medium-Term Finance Strategy (MTFS); and
 - Contracts Assurance Board (CAB).
7. These structures and processes ensure all financial decisions are reviewed and challenged if needed.
8. The role of Chief Finance Officer (CFO) complies with the CIPFA statement as the role specification is as defined in the financial regulations.

Section 2 – Governance and financial management style

C – The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

D – The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).

E – The financial management style of the authority supports financial sustainability.

9. LBHF demonstrates responsibility for governance and internal control as follows:
- An Audit Committee is in place to oversee LBHF's internal audit functions, the control environment and external financial reporting.
 - The internal audit function undertakes periodic, risk-based internal audits and will oversee audit processes, internal controls, risk, fraud, and compliance with regulations.
 - The Annual Governance Statement (AGS) is reviewed regularly.
 - The Senior Leadership Team (SLT) have dedicated meetings covering both finance and assurance on a periodic cycle.
10. The Annual Governance Statement (AGS) details the application of the CIPFA/SOLACE Framework. The Council's most recent AGS can be found in the annual statement of accounts here:

[Statement of accounts | LBHF](#)

11. One of LBHF's core values is being ruthlessly financially efficient which supports a sustainable financial culture.

Section 3 – Long to medium term financial management

F – The authority has carried out a credible and transparent financial resilience assessment.

G – The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.

H – The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.

I – The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

12. The authority is subject to external audit every year which includes a going concern assessment as well as recommendations for any improvements. The Audit Committee are provided with regular updates on borrowing and liquidity. LBHF also produces an Annual Reserves Strategy and works to maintain reserves within a target level to provide financial resilience. A balanced budget is set prior to the beginning of the financial year.
13. To ensure financial sustainability in the longer term the authority carries out a Medium-Term Financial Strategy (MTFS) which is reported to Members and provides the basis for setting the annual budget. This includes growth, savings and inflation requests which are reviewed by SLT. This is followed by further review at member challenge meetings and then presented to scrutiny and overview committees.
14. There is a capital programme in place with regular monitoring and reporting to Cabinet. This programme complies with financial reporting requirements including the CIPFA Prudential Code.
15. As above, LBHF has a rolling medium term financial plan covering four years which is revised on a yearly basis through a robust process.

Section 4 – The annual budget

J - The authority complies with its statutory obligations in respect of the budget setting process.

K - The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

16. A balanced budget is set each year in line with the Local Government Finance Act 1992 as shown by the budget report for 23/24 linked below:

<http://democracy.lbhf.gov.uk/documents/s119758/Revenue%20Budget%20and%20Council%20Tax%20Report.pdf>

17. In the budget report linked above there is a section titled views of the Strategic Director of Finance which gives an opinion on the robustness of the estimates as required under Section 25 of the Local Government Finance Act 2003.

Section 5 – Stakeholder engagement and business plans

L - The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

M - The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

18. The budget process includes a robust consultation process with stakeholders including challenge meetings and cabinet meetings. The Council also engages key external stakeholders through rent consultations and benchmarking.
19. LBHF's use of appropriate documented option appraisal methodologies to demonstrate the value for money of its decisions is evidenced through decision reports, option appraisal and a stringent procurement process.

Section 6 – Monitoring financial planning.

N - The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.

O - The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.

20. The regular Corporate Revenue Monitoring (CRM) and capital monitoring process enables management and decision makers to identify any emerging financial risks and correct them through mitigating actions. LBHF also maintains a risk register which helps the authority to manage significant risks as well as conducting analysis of the political and economic environment to help identify emerging risks.
21. A regular feature of monitoring activity is for leadership to monitor the elements that pose a significant risk to financial sustainability. Examples of this include regular reviews of the debt position, capital monitoring to assess spend on non-current assets and the inclusion of pension and treasury finance managers in regular board and committee meetings.

Section 7 – External Financial reporting

P - The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.

Q - The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

22. The Chief Finance Officer actively reviews both the draft and the final audited versions of the statement of accounts. They meet regularly with officers and auditors to discuss issues arising. They are responsible for producing the narrative report in the accounts and sign the Statement of Responsibilities within the accounts.
23. The final outturn figures are presented to SLT and Cabinet. The statement of accounts includes annual report on financial position, including capital and balance sheet reserves.

2024/25 Net Expenditure Budget - Objective Summary

Department	2023/24 Budget £m	Inflation* £m	Investment in Services £m	Savings £m	Corporate Adjustments £m	Proposed 2024/25 Budget £m
Social Care and Public Health	65.8	3.0	4.8	(2.1)	1.6	73.1
Children's Services	57.1	1.8	1.6	(1.6)	3.5	62.4
The Environment	23.6	2.2	0.5	(1.5)	6.4	31.2
Economy	10.3	1.5	1.5	(1.4)	2.2	14.1
Corporate Services	16.8	0.3	0.2	(0.3)	2.6	19.6
Finance	1.4	0.1	0.0	(0.4)	(0.3)	0.8
Other Central Items**	10.5	4.8	2.1	(0.8)	(17.8)	(1.2)
Council Net Budget Requirement	185.6	13.7	10.7	(8.1)	(1.8)	200.1
Financed by:						
Council Tax Income	(73.2)	0.0	0.0	0.0	(5.6)	(78.8)
Retained Business rates	(59.4)	0.0	0.0	0.0	(3.1)	(62.5)
General Government grants	(53.0)	0.0	0.0	0.0	(5.8)	(58.8)
TOTAL	(185.6)	0.0	0.0	0.0	(14.5)	(200.1)

2024/25 Subjective Summary

	2023/24 Budget £m	Inflation £m	Investment in Services £m	Savings £m	Corporate Adjustments £m	Proposed 2024/25 Budget £m
Gross Expenditure						
Employee Expenses	130.1	4.5	0.9	(0.4)	9.6	144.9
Premises Related Expenditure	14.5	0.6	0.0	0.0	1.2	16.2
Transport Related Expenditure	1.5	0.0	0.0	0.0	0.1	1.6
Supplies and Services	74.7	1.6	1.3	(2.9)	(6.9)	67.7
Third Party Payments	187.8	6.5	7.0	(2.4)	4.5	203.3
Transfer Payments	82.0	0.5	0.0	(0.2)	(0.2)	82.2
Housing Benefits expenditure	90.9	0.0	0.0	0.0	0.0	90.9
Support Service Charges	49.8	0.0	1.5	(0.1)	1.3	52.6
Capital Charges	18.0	0.0	0.0	0.0	2.5	20.5
Total Gross Expenditure	649.3	13.7	10.7	(5.9)	12.1	679.9
Support Service Recharge Income	(54.5)	0.0	0.0	(0.5)	(1.5)	(56.5)
Departmental Grants	(68.9)	0.0	0.0	0.0	(3.7)	(72.6)
Dedicated Schools Grant	(89.1)	0.0	0.0	0.0	0.2	(88.9)
Housing Benefits income	(91.2)	0.0	0.0	0.0	0.0	(91.2)
Fees and Charges	(73.0)	0.1	0.0	(1.1)	(4.3)	(78.4)
Other income	(71.1)	(0.1)	0.0	(0.6)	(1.7)	(73.5)
Capital Financing and other adjustments	(15.9)	0.0	0.0	0.0	(2.8)	(18.7)
Total Gross Income	(463.7)	0.0	0.0	(2.2)	(13.9)	(479.8)
Council Net Budget Requirement	185.6	13.7	10.7	(8.1)	(1.8)	200.1
Financed By:						
Council Tax Income	(73.2)	0.0	0.0	0.0	(5.6)	(78.8)
Retained Business Rates	(59.4)	0.0	0.0	0.0	(3.1)	(62.5)
General Government grants	(53.0)	0.0	0.0	0.0	(5.8)	(58.8)
TOTAL:	(185.6)	0.0	0.0	0.0	(14.5)	(200.1)

*Pay inflation held corporately ahead of 24/25 announcements

**Other Central Items includes contingency, net cost of borrowing, capital financing adjustments

Funding within Core Spending Power	2023/24 £m	2024/25 £m	Change £m	Change %
<i>Government grant funding</i>				
Revenue Support Grant (part of Settlement Funding Assessment)	20.19	21.54	1.35	7%
New Homes Bonus grant	1.19	1.60	0.41	34%
Social Care Support grant	17.28	22.49	5.21	30%
Multiplier cap compensation	10.93	12.32	1.39	13%
Services grant	2.50	0.59	(1.91)	(76%)
General Grants (excludes cap compensation tariff and housing benefit admin grant)	52.09	58.54	6.45	
<i>Ringfenced Social Care grants</i>				
Improved better care fund	10.02	10.02	0	0%
ASC Discharge Fund	1.41	2.34	0.93	66%
Market sustainability and Improvement Fund (MSIF) [now includes the MSIF workforce fund]	2.15	4.02	1.87	87%
MSIF Workforce Fund ¹	1.40	0	(1.40)	(100%)
<i>Sub-total grant funding</i>	67.07	74.92	7.85	
<i>Locally generated sources</i>				
Baseline Funding Level (part of Settlement Funding Assessment)	64.17	67.58	3.41	5%
Government assumed Council Tax yield (increase of 4.99% including 2% adult social care precept)	73.18	77.95	4.77	7%
Total	204.42	220.45	16.03	8%

¹ This grant was not included in the Core Spending Power for 23/24 but is now rolled into the 24/25 calculations

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 12/02/2024

Subject: The Housing Revenue Account (HRA) Budget (2024/25), Rents & Service Charges (2024/25) & HRA 10 Year Business Plan (2024/25 – 2033/34)

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

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

Summary

The current strategic and financial operating environment for the Council's housing service remains extremely challenging. We are aiming to increase the provision of social and affordable housing with a commitment to build new homes within the next few years, investing (£1.39bn) in existing / new homes over 10 years, improving the services available to residents, making the necessary improvements to building standards and safety, and strengthening resident engagement.

The continuing national economic conditions of high inflation and interest rates continue to present many significant challenges (increasing our costs for delivering services, increasing pressure on rent collection as household incomes reduce, making our investment plans more expensive and increasing the demand for housing services).

This report sets out the Housing Revenue Account (HRA) budget proposals for the financial year 2024/25 including changes to rent levels and other charges as well as an updated HRA 10-year Business Plan.

The strategic objectives of all our financial plans are to:

- Preserve the delivery of housing services for our tenants including estate services and resident engagement,
- Build more new homes, invest in improvements to our existing homes, re-balance capital and revenue maintenance spend,
- Deliver a modern and efficient housing service with high performance standards,
- Maintain the long-term financial resilience of the HRA and thus the continued provision of services in the future.

The policy for rents is determined nationally (the current policy of CPI¹ + 1% has been in place since 2020/21 – 2024/25). For 2023/24, the government implemented a rent cap of 7% and the limit for 2024/25 will be 7.7% (being CPI as at September 2023 of 6.7% plus 1%). The Council will implement this national policy to enable the delivery of the Council's strategic housing objectives and will endeavour to provide as much support to our tenants during the continuing economic difficulties. The rent increases for at least 48% of the current tenancies will be covered either wholly or partially by housing benefit or universal credit in line with government policy.

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

RECOMMENDATIONS

That Cabinet agrees:

1. To approve the Housing Revenue Account 2024/25 budget for council homes as set out in Table 1.
2. To approve the HRA 10-year Business Plan for Council Homes (2024/25 – 2033/34) as set out in paragraphs 3 - 4 of this report and Appendices 1 - 4.
3. To approve a rent increase of 7.7% from 1 April 2024 (in line with September 2023 CPI+1%), which equates to an average weekly increase for tenants of £9.62 in 2024/25.
4. To approve an increase to shared ownership rents of 7.7% from 1 April 2024 (in line with September 2023 CPI+1%).
5. To approve changes to tenant service charges to reflect the costs of providing communal services from 1 April 2024, which equate to an average weekly increase for tenants of £3.01 in 2024/25.
6. To approve a reduction to charges for heating and hot water to reflect the costs of provision of the district heating service from 1 April 2024, which equate to an average weekly reduction for tenants and leaseholders on the scheme of £0.41 (communal heating), £1.87 (tenants' personal heating) and £2.21 (leaseholders' personal heating) in 2024/25.
7. To approve an increase to the management fee for temporary on licence properties of 6.7% (in line with September 2023 CPI) from 1 April 2024.
8. To approve an increase to the rent and service charges for hostels of 7.7% from 1 April 2024 (in line with September 2023 CPI+1%).

¹ The Consumer Price Index is used to measure the rate of inflation.

9. To increase garage charges for council tenants, resident leaseholders, and for other customers from April 2024 by 6.7% (in line with September 2023 CPI).
10. To note that any change to parking charges on housing estates will be considered separately with the Council's parking plans.
11. To increase car space rental charges for all customers by 6.7% from April 2024 (in line with September 2023 CPI).
12. To approve an increase in the Leasehold After Sale – Home Buy Fees by 6.7% from April 2024 from £217 to £232 (in line with September 2023 CPI).

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The HRA budget supports the Council's ambitions of delivering more genuinely affordable homes in the HRA. This will be through an increased level of borrowing, capital receipts and government grants to invest over the long term in the delivery of new homes either directly or in partnership.
Creating a compassionate council	The HRA budget supports the ongoing investment in services that directly support residents in living healthy and independent lives. This includes making provision for aids and adaptations to tenanted accommodation.
Doing things with local residents, not to them	The HRA budget supports continued investment in resident engagement and involvement. This also reflects and aligns with the new Social Housing Act 2023 and Consumer Standard requirements which set out the need to adapt how we engage and support residents to hold the Council to account.
Being ruthlessly financially efficient	The HRA budget funds investment in the long-term repairs delivery model and the reform of services to better deliver for residents, and the delivery of a significant number of new homes.
Taking pride in H&F	The significantly expanded compliance-based capital programme is factored in to the HRA budget. Some of the works will deliver wider estate improvements, in particular the communal works undertaken by the Direct Labour Organisation – H&F Maintenance. There will also be ongoing investment in caretaking and other estate services which will be focussed on improving the quality of council estates. New

	homes will be built to the latest compliant standards, ensuring cost-efficient, safe and secure homes for our tenants and residents for the long term.
Rising to the challenge of the climate and ecological emergency	Housing accounts for around 83% of the organisation's direct operational CO2 emissions. Given this, a retrofit strategy, in conjunction with other areas of the Council, is being formulated that outlines a path to zero carbon emissions.

Financial Impact

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

Implications completed by: Danny Rochford, Head of Finance (The Economy and Housing Revenue Account)

Telephone: 020 8753 4023

Email: danny.rochford@lbhf.gov.uk

Verified by: Sukvinder Kalsi, Director of Finance, 8 January 2024

Legal Implications

The HRA was established by statute to ensure that council taxpayers cannot subsidise council rents and nor can council rents subsidise council tax. Failure to adhere to this statutory guidance can render the Council's accounts subject to challenge and/ or qualification by the External Auditor.

The HRA ring-fence was introduced in Part IV of the Local Government and Housing Act 1989 ("the Act") and was designed to ensure that rents paid by local authority tenants accurately reflect the cost of associated services. The Act specifies that expenditure and income relating to property listed in section 74 (that is houses and buildings provided for the provision of accommodation including the land on which they sit, excluding leases taken out for less than 10 years to provide temporary accommodation) must be accounted for in the HRA. Schedule 4 of the Act (as amended by section 127 of the Leasehold Reform, Housing and Urban Development Act 1993) specifies the allowable debits and credits. The Housing (Welfare Services) Order 1994 specifies more detail on the welfare services which must be accounted for outside the HRA. Section 76 of the Act states that it is unlawful to approve a budget which will result in a debit position on HRA reserves. Rents and charges have been set to ensure that the budget forecast does not result in a debit position.

It is not possible for a local housing authority to subsidise rents from its General Fund.

Section 24 of the Act gives the Council power to set rents, but Section 5 requires that the Council must have regard to relevant standards which are set for them under section 193 of the Housing and Regeneration Act 2008 ("HRA 2008"). Section 193 of the HRA 2008 allows the regulator of social housing to fix standards which social

landlords must abide by. On 25 February 2019 the Government issued a Direction on the Rent Standard 2019 which requires the regulator of social housing to set a new rent standard which applies to all local authority social landlords with effect from 1 April 2020. Further, the cap of a 7% increase imposed by the Direction on the Rent Standard 2023 will not apply after 31 March 2024.

The rent increases recommended in this report comply with the Direction on the Rent Standard 2019.

A consultation has been carried out with residents and the outcome of that consultation is shown at Appendix 7. Tenants were consulted on the rent increase at the Sheltered Housing Forum on 16 January 2024 and the Housing Representatives Forum on 23 January 2024 and at the Housing and Homelessness Policy and Accountability Committee on 30 January 2024. Members must carefully consider the consultation responses and the Equalities Impact Assessment when approving the recommendations in this report to ensure they are satisfied that the Council has complied with its public sector equality duty under the Equalities Act 2010.

Implications completed by: Afshan Ali-Syed, Senior Solicitor (Property and Planning)
Email: afshan.ali-syed@lbhf.gov.uk
Date completed: 13 December 2023

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background

1. The Housing Revenue Account (HRA) only contains the costs arising from the management and maintenance of the Council's housing stock, funded by income from tenant rents and service charges, leaseholder service charges, commercial property rents and other housing-related activities. It is a ring-fenced account and the Council is required under statute to account separately for local authority housing provision. The provision of social and affordable housing is one of the key services the Council provides to residents and the Building Homes and Communities Programme is intended to increase the supply of new homes to meet the expected demand for homes.

Strategic Objectives of the Council's Financial Plans

2. The HRA's strategic objectives are to:
 - Preserve the delivery of housing services for our tenants including estate services and resident engagement,

- Build more new homes, invest in improvements to our existing homes, re-balance capital and revenue maintenance spend,
- Deliver a modern and efficient housing service with high performance standards,
- Maintain the long-term financial resilience of the HRA and thus the continued provision of services in the future.

Strategic Financial Overview

3. The HRA 10-year Business Plan is set out in Appendices 1 – 4 and a summary of the notable service and financial outcomes are set out below:

- Estimated stock of 12,582 including 240 Right to Buy sales and 876 new homes;
- Estimated investment of £1.73bn to complete day-to-day repairs and investment in our existing / new stock and decarbonisation programmes;
- Minimum general balances of £5m will be maintained throughout the duration of the plan (this is equivalent to c5% of annual spend);
- Cumulative savings programme of £14.2m.

4. The HRA 10-year Business Plan will continue to be managed rigorously to ensure the long-term sustainability of services and financial resilience. There will be additional borrowing and some key ratios are set out below and will be preserved:

- The ratio of day-to-day repairs spend to rent income will improve as more investment is undertaken in our stock such that the expenditure on our repairs will reduce from 36% in 24/25 to 33% in 2033/34.
- The external borrowing on properties will be no more than 55% of the value of the housing stock (the latter based on an adjusted social housing value at 25% of open market value).

HRA Budget 2024/25

5. The financial position of the HRA has improved considerably from 2022/23 (the base deficit of £4.1m in that year has been fully eliminated for 2024/25). This will allow a strategy to ensure that minimum balances of £5m will continue to be maintained and these will be supplemented in future years as the financial operating environment allows.

6. The HRA 2024/25 budget (see Table 1 below) has been updated for national rent policy changes, other fiscal pressures and discontinuation of the temporary provision made from reserves during 2023/24. These are set out below:

- a. The Government recently confirmed that the maximum permissible rent increase for local authorities' social housing for 2024/25 will be 7.7%. This is in line with current national social housing rent policy which permits rent

increases of up to CPI + 1% each year based on the previous September's CPI. Next year (2024/25) is intended to be the final year of the current five-year policy and Government has so far made no announcement on rent policy from April 2025 onwards.

- b. The budget proposals assume contractual inflation of £1.1m based on CPI of 5%, a provision for pay awards from April 2024 (estimated at 3%, or £0.7m in total) and an allowance for additional inflationary cost pressures of £2.6m.
- c. The recent increases in interest rates, together with an increase in borrowing to support the compliance-based capital programme, are expected to result in a significant increase in debt servicing costs for 2024/25 of £2.2m.

Table 1: HRA Budget 2023/24 and 2024/25

Division	Revised Budget 23/24	Movement between years	Proposed Budget 24/25
	£m	£m	£m
Rents (Gross)	(77.0)	(6.2)	(83.2)
Service Charges (Gross)	(18.1)	(1.9)	(19.9)
Other Income	(3.8)	0.0	(3.8)
Void Rent Loss	1.8	0.2	2.0
Repairs and Voids	25.1	(0.7)	24.4
Housing Management	29.5	2.9	32.3
Regeneration & Development	1.2	(0.2)	1.0
Capital Charges	29.1	2.2	31.3
Corporate Services	13.6	1.8	15.4
Provision for Investment	-	0.5	0.5
Annual Deficit / (Surplus)	1.4	(1.4)	-
Temporary Use of Reserves	2.2		-
Forecast Additional Call on Reserves	1.4		-
Use of reserves	(5.0)		-

- 7. Table 2 below summarises the key changes in the budget between 2023/24 and 2024/25:

Table 2: HRA Budget – Major Movements between 2023/24 - 2024/25

Item	Budget Movements
	£m
Budget Deficit 2023/24	1.4
Additional Rent Income	(5.9)
Pay Inflation (3%)	0.7
Contracted Services Indexation (5%)	1.1
Interest Payable	2.2
Provision for Investment	0.5
Budget Deficit 2024/25	0.0

Rent Trends

8. The Council has maintained a policy of minimising rent increases whilst protecting resources to deliver essential housing services including health and safety. The annual rent increase for 2023/24 was 4.4%.
9. The rent increase will be set at 7.7% from April 2024 (in line with national rent policy). The income that will be generated will not fully offset the inflationary cost pressures accumulated in recent years.
10. The average rent for our Council homes remains lower than the average rent of other neighbouring London boroughs. In setting its rent, the Council has given due consideration to the balance between affordability for tenants and its income to invest in current stock, new housing and service provision.
11. Council homes' rents are on average less than a third of private housing market rents² in the borough. For illustration, the weekly rent for a one-bedroom Council home is proposed to be £125.22 from April 2024 whereas the same in the private housing market would be likely to be at least £424.33. For a two-bedroom Council home, the proposed weekly rent is £130.06 from April 2024, only 23% of the expected rent in the private housing market of £557.94.
12. The rent proposals for 2024/25 are necessary to protect the long-term financial resilience of the HRA. Some option modelling has been completed and for exemplification, the income from every 1% is estimated at £0.8m (this is the amount that would be foregone for every 1% below the proposed 7.7%). This would require major service changes to protect the HRA balances (see below).

Tenant Service Charges

13. On 10 October 2022, Cabinet approved a change in policy from fixed to variable service charges. This means that the actual costs incurred by the Council in

² Office of National Statistics - Private Rental Market Statistics: Summary of median monthly rents recorded between Oct 22 and Sep 23. Rents have been conservatively uprated for 23/24 comparison using the national social housing rent cap of 7% and for 24/25 using the maximum national social rent increase of 7.7% (September 2023 CPI+1%).

providing communal services can be fully recovered and that tenants and leaseholders pay a fair proportion of those costs. The table below sets out the different charges and the average increases or reductions from 1 April 2024:

Table 3: HRA Tenant Service Charges 2024/25

Tenant Service Charge	Average Charge 23/24	Average Charge 24/25	Average Change	Average Change
	£ pw	£ pw	£ pw	%
Caretaking	6.21	7.35	0.95	15.3%
Grounds Maintenance	1.66	1.77	0.11	6.6%
Concierge	12.95	13.82	0.87	6.7%
Door Entry	0.56	0.60	0.04	7.1%
Lift Maintenance	7.87	8.40	0.53	6.7%
TV Aerials	0.19	0.20	0.01	5.3%
Communal Lighting	2.89	4.45	1.56	54.0%
All (excluding HHW)	16.23	19.24	3.01	
Heating and Hot Water (HHW)				
Communal HHW	5.21	4.80	-0.41	-7.9%
Personal HHW	23.28	21.41	-1.87	-8.0%

14. The major changes in charges relate to communal lighting (primarily due to the significant increases in the cost of electricity) and the caretaking service (primarily due to ensuring that staff are paid in line with the London Living Wage). The details of the changes to charges for communal heating schemes, garage and parking space rents, water and sewerage charges, home buy and income from advertising hoardings and commercial properties are set out in Appendix 3.

Repairs

15. The Council is taking action to improve outcomes for residents who need repairs to their homes. Next year, we will be spending over £24m on repairs and maintenance of our council homes.
16. We are also investing £711m over 10 years for major improvement work to existing homes as well as supporting the energy efficiency programme. This programme is important for de-carbonising the housing stock and reducing energy costs in the future, helping to tackle fuel poverty.

Affordable housing

17. There is significant need for affordable and social housing in the borough. The existing stock is ageing and will require increasing investment to maintain modern building standards.
18. The acquisition and building of new homes will help to sustain the current housing provision and will assist in averting future risks (such as disrepair

litigation) and reduce existing repairs maintenance and investment costs. It will also assist in the establishment of strong communities and neighbourhoods and reduce pressure on other public services such as homelessness.

19. The current HRA 10-year Business Plan includes building 876 new homes, the details of which will continue to be reported separately as part of the individual scheme approval reports.

Greening housing stock

20. Housing accounts for around 83% of the Council's direct operational CO2 emissions and the cost of living means energy efficiency is more important than ever. The Council plans to spend £23.7m over the next four years. These funds will deliver retrofit projects, providing residents with affordably heated and well-adapted homes that are cost and energy efficient and have net zero carbon impact.

Reserves

21. Two types of reserves are held within the HRA: general reserves and earmarked reserves.
22. **HRA general reserves** should provide sufficient cover against unanticipated events. The risks facing the HRA must be viewed in the context of the level of HRA general reserves. A prudent level of reserves is important to support long term investment planning for 17,000 properties with an existing use value of £1.5 billion.
23. The HRA general reserve as at 31 March 2023 was £10.0m. A further planned drawdown (£1.4m) in 2023/24³ is expected to reduce the balance to c.£5.0m; equivalent to less than three and a half weeks' of HRA gross rental income.
24. In 2024/25, the General Reserve is expected to be maintained at the £5.0m level (see table below).

Table 4: HRA General Reserves 2023/24 & 2024/25

³ Based on the projection plus mitigations included in the Corporate Revenue Monitor for month 6

	£m
General Reserve b/f (1 April 23)	(10.0)
Use of Reserve 23/24 – structural deficit	1.4
Use of Reserve 23/24 – temporary actions (damp & mould, disrepairs compensation, decants, customer service)	2.2
In-year Pressures 23/24 - offset by compensating savings	1.4
General Reserve c/f (31 March 24)	(5.0)
Use of Reserve 24/25	0.0
General Reserve c/f (31 March 25)	(5.0)

25. **HRA earmarked reserves** are funds set aside to cover specific future plans that are not covered by annual budgets and to protect the HRA from specific risks. HRA cashable earmarked reserves were £8.1m as at 31 March 2023. These include funds set aside for the risk relating to potential revenue, abortive and other write-off costs associated with the Council's affordable housing and regeneration plans (£3.6m) if plans do not progress.

Risks

26. The HRA faces multiple financial risks including those arising from the Government's programme of Welfare Reform which continues to represent a risk to the Council's ability to collect rental income and may result in increased bad debt charges to the HRA. All new benefit claims are subject to Universal Credit and all existing claims are currently subject to a migration process to Universal Credit that was delayed due Covid-19 and is now anticipated to be completed by December 2024. There is a risk that the migration of tenants to Universal Credit moves at a faster pace than expected. The increase in bad debt provision for rents has been budgeted for 2024/25 at £0.8m.
27. Whilst the full cost implications of implementing the Council's HRA 10-year Business Plan are still being determined (stock condition surveys are being completed), there is a risk that costs are in excess of the proposed budget for 2024/25 and in the longer term.
28. In addition to these risks above, there are several other financial risks. These are set out in detail in Appendix 2.

Reasons for Decision

29. Section 76 (1)-(4) of the Local Government & Housing Act 1989 ("the Act") requires local authorities to set a budget for their HRA on an annual basis using the best assumptions available. The Act also specifies that it is unlawful to approve a budget which will result in a debit position on the HRA general reserves.

Equality Implications

30. The provision of social housing is important for residents, who include the most disadvantaged and economically vulnerable members of society, including many groups with shared protected characteristics. Tenants will be supported by the Council to maximise entitlement to financial welfare benefits, and it is estimated that around 50% will be able to cover these additional costs through Housing Benefit and Universal Credit.
31. Rent increases will impact the household finances of tenants and leaseholders on low pay. However, the significant levels of inflation, when combined with the other challenges to balancing the HRA, has necessitated the changes proposed in this report. The need to ensure the HRA budget is secure and available to deliver the essential services and improvements that are needed is a key means of supporting tenants.
32. People with shared protected characteristics, including age, disability, gender, race and pregnancy are likely to be disproportionately affected by any measure that impacts on low-income families just above the level of eligibility for mainstream benefits. We will work to identify and support individuals struggling to make ends meet, and this help will benefit those with shared protected characteristics who are overrepresented within low-income families just above the level of eligibility to benefits. The available help includes the provision of support with money management, debt and arrears, flexible payment plans for service charges and referral to the wider and developing range of services that are available to help with wider related issues such as fuel and food poverty and the cost-of-living crisis.

Risk Management Implications

33. The principal risks are detailed in paragraphs 26-28 and in Appendix 2. These are included in the departmental risk register. With the further reduction in reserves proposed in this report to meet ongoing investment in the Council's housing stock, it is vital that robust controls are maintained in respect of expenditure (including works carried out by contractors), income collection, budget management, monitoring and reporting. It is also important that regular review and monitoring of known and emerging risks is undertaken, and mitigations amended where risks change, or new mitigations put in place promptly as new risks emerge.

Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 13 December 2023

Consultation

34. Tenants and residents were consulted on the plans at the Sheltered Housing Forum on 16 January 2024, the Housing Representatives Forum on 23 January 2024 and the Housing and Homelessness Policy and Accountability Committee on the 30 January 2024 to allow the consideration of comments on the implications in advance of any formal decision being taken by Cabinet on 12 February 2024.

List of Appendices:

Appendix 1: 10 Year Financial Plan Key Business Plan Principles and Assumptions

Appendix 2: 10 Year Financial Plan Income and Expenditure Account

Appendix 3: 10 Year Financial Plan Housing Capital Programme

Appendix 4: 10 Year Financial Plan Balance Sheet

Appendix 5: Key Risks

Appendix 6: Fees, Charges and Other Income

Appendix 7: Consultation Responses

Appendix 1

Housing Revenue Account: 10 Year Financial Plan Key Business Plan Principles & Assumptions

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Average Homes	11,945	11,935	12,007	12,184	12,369	12,554	12,652	12,643	12,612	12,582
New Homes	23	37	133	334	543	752	874	889	882	876
RTB Sales	24	24	24	24	24	24	24	24	24	24
National Rent Policy (%)	CPI+1%	CPI only	CPI only	CPI only	CPI only	CPI only	CPI only	CPI only	CPI only	CPI only
Voids	2.1%	1.6%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Debts and Arrears	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Cost Inflation (Pay)	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Cost Inflation (Non-Pay)*	5.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Interest Rates (New Debt)	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.0%	3.0%	3.0%	3.0%

Appendix 2

Housing Revenue Account: 10 Year Financial Plan Income & Expenditure Account

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Rent Income	(83.2)	(85.5)	(88.5)	(93.1)	(97.8)	(102.5)	(106.7)	(108.9)	(111.2)	(113.6)
Other Income ¹	(27.4)	(27.8)	(28.5)	(29.1)	(29.8)	(30.5)	(31.3)	(31.7)	(32.3)	(33.0)
Void Rent	2.0	2.0	2.1	2.2	2.3	2.4	2.6	2.6	2.7	2.7
Repairs and Voids	30.1	31.1	32.0	32.9	34.0	35.0	35.8	36.5	37.2	37.9
Estate Services	14.1	14.5	14.9	15.3	15.6	16.0	16.3	16.7	17.0	17.4
Housing Services	32.5	33.3	34.1	35.0	36.0	37.2	38.0	38.9	39.7	40.6
Interest	14.0	20.7	25.5	31.7	36.9	39.7	37.9	38.6	39.1	39.6
Depreciation	17.4	17.8	18.2	18.8	19.5	20.2	21.0	21.5	22.0	22.5
(Savings) / Investment	0.5	(6.1)	(9.8)	(13.7)	(16.8)	(17.7)	(13.7)	(14.2)	(14.2)	(14.2)
Net Budget	(0.0)	0.0	(0.0)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0
Balances	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0

¹ Service Charges and Staff Capitalisation

Appendix 3

Housing Revenue Account: 10 Year Financial Plan Housing Capital Programme

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Asset Management & Compliance	46.5	37.3	39.8	77.8	64.0	62.0	65.7	54.1	55.1	50.7
Climate Emergency	18.3	16.9	25.1	24.4	25.0	13.2	13.5	6.9	7.1	7.2
Building Homes and Communities Strategy	18.4	62.8	123.5	79.3	132.1	56.8	0.2	0.1	0.1	0.0
Other HRA Capital Schemes	23.9	63.3	54.6	62.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Expenditure	107.1	180.2	242.9	243.6	221.1	132.1	79.4	61.0	62.2	58.0
Leaseholder Contributions	3.1	3.0	3.0	7.7	7.9	8.0	8.2	8.5	8.6	8.9
Grants (Including S106 & GLA)	12.9	28.6	15.9	12.2	67.5	47.6	6.3	6.2	6.4	5.9
Capital Receipts	9.7	21.4	53.1	22.9	14.2	13.6	12.7	13.0	9.6	6.6
Major Repairs Reserve	17.6	17.8	18.2	18.8	19.5	20.2	21.0	21.5	22.0	22.5
Borrowing	63.9	109.5	152.7	182.1	112.1	42.7	31.3	11.9	15.6	14.1
Total Financing	107.1	180.2	242.9	243.6	221.1	132.1	79.4	61.0	62.2	58.0

Appendix 4

Housing Revenue Account: 10 Year Financial Plan Balance Sheet

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Council Homes (EUV-SH)	1,606	1,647	1,685	1,751	1,822	1,896	1,972	2,023	2,069	2,116
Other Property Assets	67	162	162	162	162	162	162	162	162	162
Net Current Assets	37	32	28	11	11	11	11	11	11	11
Total Assets	1,711	1,841	1,875	1,924	1,995	2,069	2,145	2,196	2,242	2,289
General Balance	5	5	5	5	5	5	5	5	5	5
Other Reserves (eg RTB)	32	27	23	6	6	6	6	6	6	6
Debt Outstanding	360	520	629	782	957	1,064	1,104	1,131	1,141	1,154
Revaluation Reserve	1,313	1,289	1,218	1,131	1,027	994	1,031	1,055	1,090	1,123
Total Reserves	1,711	1,841	1,875	1,924	1,995	2,069	2,145	2,196	2,242	2,289

Appendix 5

Housing Revenue Account: General Risks

Social Regulation Act - this will place significant additional requirements on the Council including tenant engagement and required expertise of housing staff.
Right to Buy (RTB) disposals - although 24 per annum disposals are assumed within the business plan, an increase above this number could reduce the net income due to the HRA.
Housing repairs – unpredicted events may result in additional expenditure (for example, following new health and safety directives, legislation, insurance claims).
The Building Safety Act and Fire Safety Act requires H&F, as landlord, to resource significant additional investment, both revenue and capital, to achieve compliance.
Risk to recruitment – the shortage of technical staff available on the market could delay and increase the cost of the delivery of the Council's compliance-based Asset Management Capital Strategy.
Uncertainty in Government rent policy beyond 24/25
Market risk on re-procurement and recruitment – there is a risk that it will become harder to re-procure contracts or recruit staff at the predicted rates given the current inflationary environment.
Other changes in central Government policy towards social housing
Additional fire safety costs – fire safety improvements to the housing stock above and beyond the current plans may be required as stock condition surveys reveal the full cost of implementing the Hackitt recommendations.
The state of the UK economy – this includes the impact on the housing sector on costs of a weakening currency, loss of grants funding opportunities, inflationary pressures on contracts and an increase in tenant rent arrears.
Depreciation – this could divert funds away from revenue as a result of changes in housing stock valuations or from changes in the regulations governing HRA assets.
Asbestos management – as fire safety works are undertaken, the volume of asbestos removal may be greater and more costly than anticipated.
Additional compliance costs and other repairs risks such as uninsured events
Aging housing and asset stock condition maintenance – this has been addressed via the Asset Management Capital Strategy but there is a risk that the investment required will exceed the approved resources.
Staff capitalisation – any slippage on the housing capital programme could result in an unbudgeted revenue pressure.
Savings requirement – there is a risk to future savings delivery in accordance with the HRA Business Plan

Appendix 6

Fees, Charges and Other Income

Heating charges

Tenants and leaseholders who receive communal heating (around 1,743 properties) pay a weekly charge towards the energy costs of the scheme. The Council meets the costs of heating in the year, and recharges tenants and leaseholders based on an estimated cost and usage.

The Council is part of the LASER energy procurement group, which purchases energy on behalf of 48 local authorities. A system of flexible procurement is used which should ensure that LASER tenders for new energy contracts on a rolling basis, so that it can purchase when rates are low.

An estimate has been prepared in consultation with the Council's utilities management function of the new contract rate the Council can expect to achieve. Based on this estimate, combined with the need to balance the heating account for the year, and in the light of recent changes in the cost of energy, a reduction in charges is proposed for 2024/25.

The average weekly reduction for tenants and leaseholders on the scheme is £0.41 (communal heating), £1.87 (tenants' personal heating) and £2.21 (leaseholders' personal heating). However, there is a wide range of reductions both below and significantly above the average. Additional detail has been provided to tenants as part of the consultation process referred to at Appendix 7.

Garage rents

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

H&F standard sized garages are currently charged at the weekly prices of £26.56 (VAT exempt) for Council tenants and leaseholders, £50.22 (including VAT) for private residents of the borough and £71.77 (including VAT) for non-borough residents. The smaller motorcycle garages are charged at a fixed rate of £19.93 per week.

Currently blue badge holders and pensioners are offered discounts at 25% and 10% respectively.

The current garage pricing is competitive with other local authorities and a garage refurbishment programme is enabling voids to become viable again for lettings. H&F's garage lettings strategy varies from many other local authorities in that residents both within and out of the borough can rent garages and licensees can use garages for either vehicles or general storage.

It is proposed to increase garage charges for council tenants, resident leaseholders and for other customers from April 2024 by 6.7%, in line with CPI (as at September 2023).

Parking permits

Permit parking in H&F is in place on estates that have traffic orders. There are 2,800 parking bays across 36 traffic order sites and 1,700 permit holders. Blue badge holders and motorcycle users have access to the bays but are not required to buy a permit.

All estate parking zones use the same rulings and enforcement as on-street parking. On that basis the prices for estate permits are the same as the on-street equivalent and estate residents have option to purchase both permits for the same vehicle.

Currently H&F parking permits are charged at £71 for 6 months or £119 for 12 months for the first vehicle (VAT exempt). Second vehicles are charged at £260 for 6 months and £497 for a year (VAT exempt). There are concessionary rates of £60 for 12 months for first vehicles that have <100g per km of CO² emissions and free permits for fully electric vehicles.

Car space rentals

Residents can rent an allocated parking space on the non-traffic order sites which gives them exclusive access to that bay during their licence. This is open both to Council tenants/leaseholders and private residents/companies in the borough. There are 318 car spaces for rent on estates in H&F of which 165 are occupied.

The current charges range for Council tenants and leaseholders per week from £3.09 for uncovered bays (VAT exempt) to £3.50 for covered bays (VAT exempt). Private residents can rent a space on one of the commercial sites for £31.57 per week (inclusive of VAT). There is a concessionary rate of 25% discount for blue badge holders available.

It is proposed to implement a general 6.7% increase in car space charges from April 2024. This is in line with CPI as at September 2023.

Leasehold after sale – Home Buy fees

To move towards recovering the costs of service provision, it is planned to increase the fee by 6.7% from £217 to £232.

Advertising income

The annual budget for income generated from advertising hoardings located on housing land has been increased by £11,000 to £432,000. This follows a commercial review of all sites based on current market conditions.

Legal and accounting advice previously has confirmed that the income and expenditure associated with advertising hoardings on HRA land should be accounted for within the HRA.

Rents on shops

The budget for commercial property rents for 2024/25 has increased by £52,000 to £1,608,000. This approach reflects market conditions based on informed assumptions from the Council's Valuation and Property Services team. Additionally, the budgeted charge for the bad debt provision has been set at £100,000 for 2024/25.

Appendix 7

Consultation Responses

Tenants from the Sheltered Housing Forum (16 January 2024) and from the Housing Representatives Forum (23 January 2024) were consulted on the HRA Budget 2024/25.

The Housing and Homelessness Policy and Accountability Committee on 30 January 2024 also considered the HRA Budget 2024/25.

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 12/02/2024

Subject: Four Year Capital Programme 2024-28 And Capital Strategy 2024/25

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

Responsible Director: Sukvinder Kalsi, Strategic Director of Finance

SUMMARY

This report presents the Council's Capital Strategy 2024/25 and four-year Capital Programme for the period 2024 to 2028.

The council is investing £576.4m 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
- School maintenance programme
- Investment in energy efficient lighting and decarbonisation schemes.
- Hammersmith Bridge pre-restoration works, with funding from the Department of Transport and Transport for London
- 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 and statutory guidance to prepare certain capital related strategies and policies. The Capital Strategy and Minimum Revenue Provision (MRP) Policy are included in this report. The Treasury Management Strategy Statement 2024/25 will also be presented to Cabinet in February 2024 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 2024/25. 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 £143.6m for the period 2024/25-2027/28 (presented in Table 2 and Appendix 1).
2. To approve the continuation of rolling programmes for 2024/25 funded from the Council's mainstream resources. For financial modelling purposes, these programmes are assumed to continue at the same level until 2027/28:

	£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 Strategic Director of Finance and relevant Lead Cabinet Member.
4. To approve the four-year Housing (HRA) Capital Programme at £432.9m for the period 2024/25-2027/28 as set out in Table 6 and Appendix 1.
5. To delegate authority to the Strategic Director of Finance in consultation with the Cabinet Member for Finance and Reform to approve the potential use of up to £3.6m of capital receipts under the Government's Flexible Use of Capital Receipts provisions for funding of Invest to Save schemes in 2024/25 (as identified in Appendix 2) and potential match-funding opportunities.
6. To approve the Capital Strategy 2024/25, as set out in the report.
7. To approve the annual Minimum Revenue Provision policy statement for 2024/25, as set out in Appendix 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, and which will deliver the Council's priorities, as set out in the plan. The Capital Strategy 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	<p>All capital investment decisions are required to be underpinned by a robust business case that sets out the full costs, funding and risks and any expected financial return alongside the broader outcomes including economic and social benefits.</p> <p>This report provides detailed analysis of the Council's capital programme financial position and highlights potential risks and their impact on the Council's resources.</p>
Building shared prosperity	<p>We need to always confirm that spend fits our council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts. The council will continue to invest in our ambitious housing development programme and work through the planning system to enable 3,000 new energy-efficient 50% genuinely affordable homes to be built.</p>
Creating a compassionate council	<p>As the council's resources have been reduced we have protected the services on which the most vulnerable residents rely.</p>
Doing things with local residents, not to them	<p>A significant proportion of services are delivered in partnership with local and national companies, and this will continue to promote all business sectors to the benefit of residents. The proposals will implement the Disabled People's Housing Strategy, working in co- production with disabled residents.</p>
Taking pride in H&F	<p>The strategy proposals include significant investment in public realm services, to maintain world-class parks, open spaces and cemeteries, making sure that parks are a safe space for residents.</p> <p>The proposals also are continuing to invest in CCTV so that residents feel secure in their homes and on the streets.</p>
Rising to the challenge of the climate and ecological emergency	<p>The council has approved a Climate and Ecology Strategy and action plan to deliver its target of net zero greenhouse gas emissions in the borough by 2030. It has been shaped by the work of the resident-led Climate and Ecological Emergency Commission, who worked closely with the Council's Climate Unit and was devised by ten cross-departmental officer working groups.</p>

CAPITAL STRATEGY 2024/25

1. The Prudential Code¹ 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 Corporate Plan 2023-26 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 or underway by 2026.
- Implement the Special School Organisation and Capital Plan to invest in provision for children and young people with Special Educational Needs and Disabilities.
- Deliver £118m EdCity education campus to align career opportunities in the White City Innovation District to the work of schools, apprenticeships, and reskilling programmes.
- Support local businesses and start-ups by facilitating access to resources, networking opportunities, affordable workspace and business support services.
- Deliver retrofit strategy to generate renewable energy and improve the energy performance of our housing stock.
- Continue with shared equity affordable home ownership solution for residents and workers in the borough.
- Develop a council owned housing company model to support an increase in council owned intermediate rent homes for key workers.
- Continue leading role in providing housing and much wider support to refugees and asylum seekers.

Doing things with residents, not to them

- Continue to expect all major strategies, projects and service design works to have co-production principles, openness, and transparency at their core.

¹ The CIPFA Prudential Code for Capital Finance in Local Authorities (2021) – by regulation local authorities are required to have regard to the Code when carrying out their duties.

Taking pride in Hammersmith & Fulham

- Transform the Grade II listed Town Hall to be one of the most environmentally positive and accessible buildings of its type in Britain.
- Introduce segregated cycle lanes, more cycle storage, and green roofs on estates.
- Deliver a vision for high streets as experience destinations and community hubs, including a refreshed plan for Hammersmith Town Centre.
- Improve the public realm to make it a better place for people to shop, eat, drink, relax and enjoy local arts and facilities.
- Ensure major investment programmes, such as in White City, Earls Court, Olympia, and Old Oak Common serve to benefit residents and businesses.
- Deliver a £4.5m CCTV replacement and investment programme.

Creating a compassionate council

- Deliver the Air Quality Action Plan, by tackling the sources of pollution, raising awareness of local emissions, and working with partners to reduce pollution.

Being ruthlessly financially efficient

- Maximise efficiencies to be gained through digital transformation, income generation, corporate accommodation, and agile working practices.
- Continue regular assurance reporting for major projects and programmes through the Corporate Programme Management Office and Strategic Leadership Teams.
- Deliver on the aspirations of Resident Experience and Access Programme to provide a consistent and inclusive approach for resident access across the Council.
- Embed universal standards for policy and strategy development across the council, centred on co-production, high-quality evidence, equity, and climate considerations.
- Enhance commercial culture, financial returns and added value through our refreshed Commercial Strategy.
- Maximise the added value secured through procurement processes.
- Continue to operate effective governance arrangements across the Council, to support assurance, compliance, transparency and collaboration across decisions.
- Deliver and fund significant investment in the council homes where it will make the biggest impact on residents' quality of life, health and wellbeing.
- Fix the Grade II listed iconic Hammersmith Bridge in partnership with Transport for London and the Department for Transport
- Use capital investment to enable the Council to become more efficient, such as through investing in digital transformation and income generation opportunities.
- Invest in schools and more in-borough Special Education Needs provision.
- Reduce the carbon emissions of homes and infrastructure, whilst also investing so physical assets can adapt to the inevitable changes in our climate.
- Regenerate the borough through schemes such as EdCity, Hartopp and Lannoy and White City, making use of joint ventures with the private sector and other funding.
- Consolidate the Council's office accommodation to enable alternative use for income generation and cultural activities.

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:

- Deliver retrofit programmes to upgrade our council homes and non-domestic buildings with energy efficiency and low-carbon heating.
 - Build industry leading Passivhaus homes with zero fossil fuels.
 - Identify opportunities for new heat networks in our Clean Heat Plan.
 - Continue to expand active travel infrastructure and support.
 - Host one of the densest electric vehicle charging networks in Britain and transition own fleets to low-carbon vehicles.
 - Undertake a full climate risk assessment of the borough and continue to deliver sustainable drainage that increases our resilience to the changing climate.
 - Renew Air Quality Action Plan in consultation with residents and cut air pollution through field-leading projects and partnerships.
 - Implement 'parks for the future' strategy and invest in improving the appearance, maintenance and facilities of parks and open spaces.
 - Retrofit ecology into the Council's building estate, including investigating the significant potential for green roofing.
 - Extend the 20mph speed limit across all the roads for which the Council is responsible.
6. 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 the redevelopment of the failing, existing Hammersmith Town Hall building, creating a new Civic Campus. This involved entering into a joint venture named West King Street Renewal Limited Liability Partnership (the LLP), with A2

Dominion Development Limited, for the delivery of the scheme, and a conditional land sale agreement between the Council and the LLP, plus the approval of 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 completed 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 for use by the neighbourhood as well as the greater community.
- refurbish and restore 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 five 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 LLP 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 for some of the commercial spaces and a managing agent has been procured for the office space. Investment in these units allows the Council to benefit from the regeneration opportunity that they present.

HRA Asset Management Capital Strategy

11. 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.

12. 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.

13. 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

14. 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

15. 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.

16. 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.

17. Currently, there are 17 projects in the development programme delivering 1,134 new homes, of which, 732 (65%) are affordable and 402 will be for market sale (35%).

18. Of the 17 development projects, the Springvale infill project has been completed and delivered 10 new social rent homes. Education City is under construction, the first phase has already delivered the new Primary school, this will be followed by the first

24 genuinely affordable homes, office building, Youth Zone, new school and will be delivered within the next two months. The remaining 108 affordable homes will be delivered in phase two, due to be completed in late 2025.

19. Construction of the Hartopp and Lannoy site project commenced earlier this year, to deliver 134 new homes of which 112 (84%) will be affordable. This development is taking place on the land on the Aintree Estate that was previously occupied by Hartopp Point and Lannoy Point blocks which were demolished for health and safety reasons.
20. Farm Lane and Lillie Road projects have both obtained planning permission. Avonmore School project has been submitted for planning with White City Central to follow in the next few months. The development programme also delivers against the Council's climate emergency commitments with the first three development projects (Hartopp and Lannoy, Farm Lane and Lillie Road) being delivered to PassivHaus standards of energy efficiency, to reduce carbon emissions and help alleviate fuel poverty.
21. In addition to the council's direct delivery projects outlined above, the development programme includes scheme acquisitions. The council is currently in advanced negotiations to acquire 165 new affordable homes through two section 106 affordable housing schemes. Completion of the two projects is expected by summer 2024, which accelerates the delivery of much needed affordable homes in the borough.

Hammersmith Bridge

22. 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 £26.6m (estimated to the end of 2023/24) to ensure the continued safe operation of the Bridge and work towards stabilisation. In addition to this, the Council has incurred significant spend (again at risk) of almost £15.3m (estimated to the end of 2023/24) for pre-restoration works, in readiness for the full restoration of the Bridge. These works include removal of the two gas mains off the Bridge and diversion on an alternative route, the planning application for the innovative truss option, geotechnical works and further development of the contract and procurement process for the full restoration of the bridge. These pre-restoration works will ensure that the future project to fully restore the Bridge can be undertaken with greater expediency and effectiveness, and with minimisation of technical and financial risks.
23. In line with government announcements, central government (Department for Transport (DfT)) and Transport for London (TfL) will fund two-thirds of the total project costs, and this is expected to be formalised in a proposed Memorandum of Understanding (MoU). The Council's one third contribution is expected to be funded from a new road user charging scheme, or a toll.

24. Evaluation of engineering options for the stabilisation and strengthening of the Bridge are well advanced. The Council has completed an outline business case for a full strengthening and restoration programme which will see the Bridge re-opened to motor vehicles and will secure funding from the DfT and TfL.

Schools Renewal Programme

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

- re-provide modern, fit for purpose schools to support the borough's ambition to give children the best start in life.
- support the funding of education in Hammersmith & Fulham including the future repair and planned maintenance requirements across the school community.
- fund school development through the creation of badly needed affordable housing which will help maintain the borough's vibrant social mix.
- provide significant investment in the condition of the schools' estate through the first three-year schools' capital strategy agreed in 2021.

The school renewal programme is well underway with the delivery of the 2021-2024 three-year programme and the implementation of the ambitious 2023-2028 five-year programme now taking form.

Other Housing projects

26. In addition to the Housing Asset Management Compliance Strategy and Building Homes and Communities Strategy the Council is progressing a number of partnership projects in relation to the provision of affordable housing. These include 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.

Community Infrastructure Levy (CIL)

27. 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.

28. The current capital programme assumes £22.8m CIL contribution towards financing of Civic Campus Council of which £21.7m has been received to date. 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.

29. 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.

30. 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

31. 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.

32. 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.

33. The Council's housing accounts for 75% of the organisation's direct operational CO₂ emissions and is a priority area that the Council can directly influence through retrofit programmes. Three quarters of CO₂ emissions from homes come from heating and hot water, mostly powered by gas. To achieve net zero, the majority of homes must be retrofitted with energy efficiency measures, and gas boilers replaced with low carbon heating such as air-source heat pumps, by 2030. The Council can influence this through:

- Investment in retrofitting Council homes which will reduce the borough's emissions and grow the market for retrofit, driving down cost.
- Energy planning and investment to bring about district heating networks.
- Information and incentives to homeowners and landlords encourage retrofit.
- Enforcement of Minimum Energy Efficiency Standards for landlords.

34. £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

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

capitalised under this dispensation in 2023/24 and 2024/25 can be found in Appendix 2 of this report.

Health and Safety

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

Other schemes

37. The Council's Capital Programme contains a number of schemes which are necessary investments in the Council's assets to ensure their sustainability, to address health and safety and legislative requirements and to provide future revenue savings. Examples of such schemes are:
- Schools Maintenance Programme
 - Schemes funded from ring-fenced resources within the Housing Revenue Account (HRA) such as major refurbishments, heating works, lift works, garage improvements, electrical installations, estate roads, disabled adaptations, etc.
 - Required investment from Council resources, including capital receipts, to support strategic priorities such as investment in the highways' infrastructure, ICT, asset management and parks.
38. The Council set out its strategic ambition around specialist housing (short and long-term care and accommodation for groups such as care leavers, rough sleepers etc) through a report to Cabinet in December 2018. This provided an anchor for future investment decisions and strategic commissioning around these key preventative services. There are issues with supply of this type of housing, and the suitability of the borough's current stock to meet changing needs, much of which is owned and operated by housing associations. The Council continues work on understanding the type of capital investment required and the levers for renewing this portfolio of assets which can help to reduce current and future pressures on the Council's revenue budget. This work will help define future calls on the Council's capital programme.
39. All capital investment decisions will be underpinned by a robust business plan that set out any expected financial return alongside the broader outcomes including economic and social benefits.

Governance

40. As part of being ruthlessly financially efficient, the Council has 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).
- Specific decision making, governance and oversight arrangements are in place for significant projects such as the Civic Campus (Executive and Member Oversight Boards) and the Development Board for the Building Homes and Communities Strategy.

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

- consider the funding and feasibility of 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.

42. 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

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

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

- Any call on reserves will need to be authorised by the Director of Finance in consultation with the Chief Executive and Cabinet Member for Finance and Commercial Services.
- All decisions reports will only be progressed if they are fully funded before any spend is incurred
- All Cabinet Member Decisions, Cabinet, and Policy and Accountability Committee (PAC) reports must include full and transparent financial impact section prepared by finance officers (with final sign off by Director of Finance)
- Leader's Urgency reports will only be used in exceptional circumstances and these must be cleared in advance by the Chief Executive. The Director of Finance must fully consider the financial impact. A Cabinet Urgency Committee

has also been established to ensure decisions can be made quickly where these are urgent.

- Committee services will ensure that the correct review and sign off requirements have been followed before any papers are dispatched.

45. 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.

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

Finance Strategy

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

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

49. Alongside the Building Homes and Communities Strategy, work has also begun to develop a more strategic approach to its role as a Corporate Landlord and Corporate Accommodation. This will consider the Council's long-term accommodation requirements, greater corporate oversight of operational asset management, and investment in our data to ensure we are getting value from our property and land holdings. The Council is also developing options 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.

CAPITAL PROGRAMME 2024/25-2027/28

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 December 2023 inflation rate, as measured by the Consumer Price Index, is 4.6% with the Bank of England (BoE) forecasting that it will remain at elevated levels throughout much of 2024, before falling to 2% in early 2025. As part of their policy response to the increase in inflation the BoE have increased the interest base rate to 5.25% with possible further increases if there was evidence of more persistent inflationary pressures. 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 5.2% compared to 1.5% in December 2021.

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, 04 January 2024

Legal Implications

The Director of Finance is responsible for ensuring that a four-year rolling capital programme and capital strategy is prepared jointly with SLT directors. This must be submitted on an annual basis for consideration by Cabinet before being approved by Full Council (Financial Regulation 3.12). 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.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 23rd January 2024

Background Papers Used in Preparing This Report:

None

CAPITAL PROGRAMME 2024/25-2027/28 - OVERVIEW

1. This report sets out an updated four-year capital expenditure and resource forecast and a capital programme for 2024/25 to 2027/28, as summarised in Table 1 below. A detailed analysis of specific schemes by service is included in Appendix 1.

Table 1 - Capital Programme 2024/25 to 2027/28

	2024/25	2025/26	2026/27	2027/28	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000
CAPITAL EXPENDITURE					
Children's Services	7,915	1,937	4,314	3,311	17,477
Environment Department	29,877	3,698	2,376	2,376	38,327
Finance and Resources Department	7,587	-	-	-	7,587
General Fund Schemes under the Economy Department	70,172	3,873	3,260	2,900	80,205
Sub-total (General Fund)	115,551	9,508	9,950	8,587	143,596
Economy Department-HRA Programme	148,108	110,154	81,243	93,345	432,850
Sub-total Economy Department (HRA)	148,108	110,154	81,243	93,345	432,850
Total Expenditure	263,659	119,662	91,193	101,932	576,446
CAPITAL FINANCING					
Use of specific resources (grant/section106/receipts)	76,864	44,609	80,652	40,671	242,796
Borrowing-General Fund	53,081	6,888	5,136	4,776	69,881
Self-financing borrowing -General Fund	29,914	-	-	-	29,914
Borrowing -HRA	103,800	68,165	5,405	56,485	233,855
Total Capital Financing	263,659	119,662	91,193	101,932	576,446

2. The programme for this period totals £576.4m. The gross programme for 2024/25 totals £263.7m. This comprises the General Fund (GF) Programme of £115.6m and the Housing Revenue Account (HRA) Programme of £148.1m.
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 £307m with assumption that £97m will be funded from borrowing. To date £21m 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 incurred to date 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.

GENERAL FUND CAPITAL PROGRAMME

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

Table 2 – General Fund Capital Programme 2024/25 to 2027/28

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total Budget (All years) £'000
CAPITAL EXPENDITURE					
Children's Services	7,915	1,937	4,314	3,311	17,477
Environment Department	29,877	3,698	2,376	2,376	38,327
Finance and Resources Department	7,587	-	-	-	7,587
General Fund Schemes under the Economy Department	70,172	3,873	3,260	2,900	80,205
Total Expenditure	115,551	9,508	9,950	8,587	143,596
CAPITAL FINANCING					
Specific/External Financing:					
Government/Public Body Grants	7,915	1,937	4,314	3,311	17,477
Grants and Contributions from Private Developers (includes S106/CIL)	13,911	683	500	500	15,594
Capital Grants/Contributions from Non-departmental public bodies	320	-	-	-	320
Capital Grants and Contributions from GLA Bodies	144	-	-	-	144
Sub-total - Specific Financing	22,290	2,620	4,814	3,811	33,535
Mainstream Financing (Internal):					
Capital Receipts - General Fund	3,597	-	-	-	3,597
Earmarked Reserves (Revenue)	6,434	-	-	-	6,434
Sub-total - Mainstream Funding	10,031	-	-	-	10,031
Borrowing-General Fund	82,995	6,888	5,136	4,776	99,795
Borrowing -HRA	235	-	-	-	235
Total Capital Financing	115,551	9,508	9,950	8,587	143,596

6. Table 3 below shows the projects funded from mainstream resource (borrowing or capital receipts) and comprises the progression and completion of existing schemes and the continuation of rolling programmes. It incorporates expenditure slippage from the 2023/24 programme as detailed in the 2023/24 quarter 3 capital monitoring report.

Table 3 – General Fund Mainstream Programme 2024/25 to 2027/28

	Indicative Budget 2024/25 £'000	Indicative Budget 2025/26 £'000	Indicative Budget 2026/27 £'000	Indicative Budget 2027/28 £'000	Total Budget (All years) £'000
Invest to Save-Flexible Use of Capital Receipts [FIN]	3,597	-	-	-	3,597
WMC JV Exit Costs [ECD]	1,857	-	-	-	1,857
Carnwath Road [ECD]	1,870	-	-	-	1,870
Hammersmith Bridge Strengthening [ENV]	4,688	-	-	-	4,688
Hammersmith Bridge Pre Restoration Works [ENV]	4,121	-	-	-	4,121
Green Investment Projects	5,000	-	-	-	5,000
Public CCTV [ENV]	1,102	1,139	-	-	2,241
Other Highways Capital Schemes [ENV]	131	-	-	-	131
North End Road - Good Growth Fund [ECD]	224	-	-	-	224
Leisure Centre Capital Investment [ENV]	220	-	-	-	220
Planned Maintenance/DDA Programme [ECD]	6,580	2,400	2,400	2,400	13,780
Waste Collection and Disposal Projects	3,381	-	-	-	3,381
Footways and Carriageways [ENV]	2,030	2,030	2,030	2,030	8,120
Column Replacement [ENV]	406	346	346	346	1,444
Hammersmith Town Hall Refurbishment [ECD]	20,002	-	-	-	20,002
Community Schools Programme [ECD]	350	-	-	-	350
Farm Lane/Mund Street [ECD]	1,119	973	360	-	2,452
Total Mainstream Programmes	56,678	6,888	5,136	4,776	73,478
Financing					
Capital Receipts	3,597	-	-	-	3,597
Increase/(Decrease) in Borrowing	53,081	6,888	5,136	4,776	69,881
Total Financing	56,678	6,888	5,136	4,776	73,478

7. The mainstream programme contains £23.3m of rolling programmes budgets for the corporate planned maintenance (£13.8m including slippages from previous years), footways and carriageways (£8.1m) and street lighting and column replacement (£1.4m). 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 Strategic Director of Finance and lead Cabinet Member.
8. The mainstream programme presented in Table 3 does not include self-financing schemes (where the net General Fund revenue borrowing costs are nil). Whilst the schemes will impact 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.
9. Such self-financing borrowing is forecast to increase by £29.9m over the next 4 years and relates to the Civic Campus development. 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. Table 4 summarises forecast spend on these schemes.

Table 4 - Self -financing schemes and loans CFR movements 2024/25-2027/28

	Indicative Budget 2024/25 £'000	Indicative Budget 2025/26 £'000	Indicative Budget 2026/27 £'000	Indicative Budget 2027/28 £'000	Total Budget (All years) £'000
Approved Expenditure					
Ad Hoc Schemes:					
Acquisition of commercial units (Civic Campus)	29,264	-	-	-	29,264
JV Partnership Loan (Civic Campus)	650	-	-	-	650
Total Mainstream Programmes	29,914	-	-	-	29,914
Financing					
Increase/(Decrease) in Borrowing	29,914	-	-	-	29,914
Total Financing	29,914	-	-	-	29,914

10. General Fund debt is measured by the Capital Finance Requirement (CFR). 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. The forecast for the General Fund CFR is shown in Table 5 below.

Table 5 - Forecast General Fund headline Capital Financing Requirement (CFR)

GENERAL FUND CFR ANALYSIS	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS					
Opening Capital Finance Requirement (CFR)	134.01	170.75	221.22	223.51	223.99
Revenue Repayment of Debt (MRP)	(1.60)	(2.61)	(4.60)	(4.65)	(3.61)
Appropriation between HRA & GF	(1.48)	-	-	-	-
Mainstream Programme (Surplus)/Shortfall	39.82	53.08	6.89	5.14	4.78
Closing Capital Finance Requirement (CFR)	170.75	221.22	223.51	223.99	225.15
SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance Requirement	55.42	88.97	84.87	83.08	81.42
Revenue Repayment of Debt (MRP)	-	(0.41)	(1.70)	(1.66)	(1.63)
Repayment of loans	(10.07)	(33.60)	(0.10)	-	-
In Year Borrowing	43.62	29.91	-	-	-
Closing Capital Finance Requirement	88.97	84.87	83.08	81.42	79.79
Finance leases/PFI/ Deferred costs of disposal	12.39	11.69	10.99	10.29	
Total Closing GF CFR	272.11	317.78	317.58	315.70	304.95

11. The forecast General Fund Headline CFR (excluding self-financing schemes) at the start of 2024/25 is £170.8m and is expected to increase to £225.2m by the end of 2027/28. The net increase of £54.4m over the next four years will add a revenue budget pressure, relating to the borrowing costs (MRP plus external interest), of c£3.6m² per annum by the end of 2027/28.

² Cost of borrowing calculated using current PWLB rate of 5.2% and MRP rate of 3.28%.

12. 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 2024/25 - 2027/28. 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.
13. 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 Council's 2024/25 MRP policy is set out in Appendix 3.
14. The MRP payments (including self-financing schemes) are forecast to be £3.02m for 2024/25, raising to £5.24m in 2027/28.
15. 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.
16. 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 £84,800 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 Strategic Director of Finance, in consultation with the Cabinet Member for Finance and Reform. The current programme provides for use of £3.6m of capital receipts for these purposes.
17. The forecast is based on known funding allocations as at December 2023 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 2023/24. As additional grants and contributions are confirmed, the General Fund capital programme will increase.

HOUSING CAPITAL PROGRAMME

18. The Housing Capital Programme expenditure and resource forecast is summarised in Table 6 and detailed in Appendix 1. On 6 September 2021 Cabinet approved a 12-year HRA Asset Management Capital Strategy (the Strategy). This detailed the spending priorities for the twelve-year period between 2022/23 and 2033/34, priorities that represent £728.6m of expenditure. The aim of the Strategy is to direct capital investment to where it will make the biggest impact on residents' quality of life, health and wellbeing with the following key spend areas:

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

19. The works set out in the Strategy are different to the current HRA four-year capital programme due for completion in 2024/25 covering Major Refurbishments, Fire Safety, Lifts, Boilers, Structural Safety, Electrical, Voids and Miscellaneous schemes. The Strategy will be reviewed annually and will inform every subsequent annual revision of the capital programme budget.

Table 6 – Housing Expenditure and Resource Forecast 2024-28

	Indicative 2024/25 Budget £'000	Indicative 2025/26 Budget £'000	Indicative 2026/27 Budget £'000	Indicative 2027/28 Budget £'000
Approved Expenditure				
HRA Asset Management and Compliance Programme	75,570	49,274	56,860	90,878
Building Homes and Communities Strategy	69,016	49,046	12,010	707
Other HRA Capital Schemes	3,522	11,834	12,373	1,760
Total Housing Programme	148,108	110,154	81,243	93,345
Available and Approved Resource				
Capital Receipts - Unrestricted	9,574	6,881	42,265	3,000
Capital Receipts - RTB (141)	1,909	1,929	-	-
Major Repairs Reserve (MRR)	17,600	17,800	18,200	18,800
Contributions Developers (S106)	2,299	7,803	8,075	1,148
Contributions from leaseholders	3,100	3,000	3,000	6,000
Capital Grants from Central Government	2,593	-	-	7,300
RtB GLA Ringfence	7,168	4,576	4,298	612
Borrowing (HRA)	103,565	68,165	5,405	56,485
Total Funding	148,108	110,154	81,243	93,345

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

20. The forecast Housing Capital Finance Requirement (HRA CFR) is shown in Table 7, below.

Table 7– Housing CFR Forecast 2024-28

HRA CFR Forecast	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Opening HRA CFR	300.57	362.77	466.57	534.74	540.14
In Year Borrowing	60.72	103.80	68.17	5.41	56.49
Appropriation between HRA & GF	1.48	-	-	-	-
Closing HRA CFR	362.77	466.57	534.74	540.14	596.63

21. The HRA CFR is forecast to be £466.57m by the end of 2024/25 and £596.63m by the end of 2027/28. 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 2024/25 HRA revenue budget.

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

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

23. 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 five years of receipt. The existing approved Housing Development schemes and the pipeline of

yet to be approved schemes³ is sufficient to make use of these receipts if delivered on time, however there are risks to meeting these deadlines.

EQUALITY IMPLICATIONS

24. 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

25. 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.

26. 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 2024

RISK MANAGEMENT

27. 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

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

identifies a number of risks identified in the report 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.

28. 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, 22 January 2024

LIST OF APPENDICES:

Appendix 1 – Council Capital Programme by Service Area

Appendix 2 – Flexible Use of Capital Receipts Guidance and Proposed Application

Appendix 3 – Minimum Revenue Provision (MRP) Statement 2024/25

APPENDIX 1 – Detailed Analysis by Service

	2024/25	2025/26	2026/27	2027/28	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000
CAPITAL EXPENDITURE					
Children's Services	7,915	1,937	4,314	3,311	17,477
Environment Department	29,877	3,698	2,376	2,376	38,327
Finance and Resources Department	7,587	-	-	-	7,587
General Fund Schemes under the Economy Department	70,172	3,873	3,260	2,900	80,205
Sub-total (General Fund)	115,551	9,508	9,950	8,587	143,596
Economy Department-HRA Programme	148,108	110,154	81,243	93,345	432,850
Sub-total Economy Department (HRA)	148,108	110,154	81,243	93,345	432,850
Total Expenditure	263,659	119,662	91,193	101,932	576,446
CAPITAL FINANCING					
Specific/External Financing:					
Government/Public Body Grants	10,508	1,937	4,314	10,611	27,370
Grants and Contributions from Private Developers (includes S106/CIL)	16,210	8,486	8,575	1,648	34,919
Capital Grants/Contributions from Non-departmental public bodies	320	-	-	-	320
Capital Grants and Contributions from GLA Bodies	7,612	4,576	4,298	612	17,098
Leaseholder Contributions	3,100	3,000	3,000	6,000	15,100
Sub-total - Specific Financing	37,750	17,999	20,187	18,871	94,807
Mainstream Financing (Internal):					
Capital Receipts - General Fund	3,597	-	-	-	3,597
Capital Receipts - HRA	11,483	8,810	42,265	3,000	65,558
Major Repairs Reserve (MRR)	17,600	17,800	18,200	18,800	72,400
Earmarked Reserves (Revenue)	6,434	-	-	-	6,434
Sub-total - Mainstream Funding	39,114	26,610	60,465	21,800	147,989
Borrowing-General Fund	82,995	6,888	5,136	4,776	99,795
Borrowing -HRA	103,800	68,165	5,405	56,485	233,855
Total Capital Financing	263,659	119,662	91,193	101,932	576,446

APPENDIX 1 – Detailed Analysis by Service

Children's Services

Future Years Budgets

Scheme Expenditure Summary

SEN sufficiency
Basic Need Placement Sufficiency
Windows & decarbonisation
School Maintenance Programme

2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	2027/28 Budget £'000	Total Budget (All years) £'000
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2,500	600	2,500	1,996	7,596
291	69	521	-	881
3,201	-	-	-	3,201
1,923	1,268	1,293	1,315	5,799
7,915	1,937	4,314	3,311	17,477

Total Expenditure

Capital Financing Summary

Specific/External or Other Financing

Capital Grants from Central Government

Sub-total - Specific or Other Financing

7,915	1,937	4,314	3,311	17,477
7,915	1,937	4,314	3,311	17,477

Total Capital Financing

7,915	1,937	4,314	3,311	17,477
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Finance and Resources Department

Future Years Budgets

Scheme Expenditure Summary

Invest to Save - Flexible Use of Capital Receipts
Tech-tonic 2 Device refresh

2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	2027/28 Budget £'000	Total Budget (All years) £'000
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3,597	-	-	-	3,597
3,990	-	-	-	3,990
7,587	-	-	-	7,587

Total Expenditure

Capital Financing Summary

Mainstream Financing (Internal Council Resource)

Capital Receipts

Use of Reserves

Sub-total - Mainstream Funding

3,597	-	-	-	3,597
3,755	-	-	-	3,755
7,352	-	-	-	7,352

Borrowing (HRA)

235	-	-	-	235
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Total Capital Financing

7,587	-	-	-	7,587
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APPENDIX 1 – Detailed Analysis by Service

Environment Department		Future Years Budgets				Total Budget (All years) £'000
		2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	2027/28 Budget £'000	
Scheme Expenditure Summary						
Footways and Carriageways		2,030	2,030	2,030	2,030	8,120
Column Replacement		406	346	346	346	1,444
Other Highways Capital Schemes		4,126	183	-	-	4,309
Clean Air Neighbourhoods		2,847	-	-	-	2,847
Hammersmith Bridge Stabilisation Works		4,688	-	-	-	4,688
Hammersmith Bridge Pre Restoration Works		4,121	-	-	-	4,121
Waste Collection and Disposal Projects		3,381	-	-	-	3,381
Green Investment Projects		5,000	-	-	-	5,000
Public CCTV		1,102	1,139	-	-	2,241
Kings Coronation Youth Fund		597	-	-	-	597
Parks Projects		1,359	-	-	-	1,359
Leisure Centre Capital Investment		220	-	-	-	220
Total Expenditure		29,877	3,698	2,376	2,376	38,327
Capital Financing Summary						
Specific/External or Other Financing						
Grants and Contributions from Private Developers (includes S106/S278)		5,675	183	-	-	5,858
Capital Grants/Contributions from Non-departmental public bodies		320	-	-	-	320
Capital Grants and Contributions from GLA Bodies		124	-	-	-	124
Sub-total - Specific or Other Financing		6,119	183	-	-	6,302
Mainstream Financing (Internal Council Resource)						
Use of Reserves		2,679	-	-	-	2,679
Sub-total - Mainstream Funding		2,679	-	-	-	2,679
Borrowing		21,079	3,515	2,376	2,376	29,346
Total Capital Financing		29,877	3,698	2,376	2,376	38,327

APPENDIX 1 – Detailed Analysis by Service

Economy Department General Fund Managed Schemes					Future Years Budgets				
					2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	2027/28 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary									
<i>Civic Campus</i>									
Hammersmith Town Hall Refurbishment					27,202	-	-	-	27,202
Acquisition of commercial units					29,264	-	-	-	29,264
JV Partnership Loan (Civic Campus)					650	-	-	-	650
Subtotal Civic Campus					57,116	-	-	-	57,116
<i>Building Homes and Communities Strategy (GF sites)</i>									
Mund Street					1,645	973	360	-	2,978
Community Schools Programme					350	-	-	-	350
Subtotal Building Homes and Communities Strategy (GF sites)					1,995	973	360	-	3,328
<i>Other GF Capital Schemes managed by the Economy</i>									
Planned Maintenance/DDA Programme					6,580	2,400	2,400	2,400	13,780
Carnwath Road					1,870	-	-	-	1,870
North End Road - Good Growth Fund					244	-	-	-	244
West Kensington & Gibbs Green Public Realm					510	500	500	500	2,010
WMC JV Exit Costs					1,857	-	-	-	1,857
Subtotal Other GF Capital Schemes managed by the Economy					11,061	2,900	2,900	2,900	19,761
Total Expenditure					70,172	3,873	3,260	2,900	80,205
Capital Financing Summary									
<i>Specific/External or Other Financing</i>									
Grants and Contributions from Private Developers (includes S106)					1,036	500	500	500	2,536
Community Infrastructure Levy (CIL)					7,200	-	-	-	7,200
Capital Grants and Contributions from GLA Bodies					20	-	-	-	20
Sub-total - Specific or Other Financing					8,256	500	500	500	9,756
GF Borrowing					61,916	3,373	2,760	2,400	70,449
Total Borrowing					61,916	3,373	2,760	2,400	70,449
Total Capital Financing					70,172	3,873	3,260	2,900	80,205

APPENDIX 1 – Detailed Analysis by Service /cont.

Economy Department- HRA Capital Programme

Future Years Budgets

Scheme Expenditure Summary

HRA Asset Management and Compliance Programme

Pre Agreed Works
Fire Safety Compliance Programme
Fire Safety Complex Schemes
Lift Schemes
Boiler Schemes
Safety Works - Electrical
Safety Works
Void Works
Other Capital Improvements
Capitalised salaries
Capitalised repairs
Climate Emergency and Other future works
Subtotal HRA Asset Management and Compliance Programme

2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	Total Budget (All years)
£'000	£'000	£'000	£'000	£'000

7,773	7,041	13,112	17,214	45,140
5,064	1,400	3,450	4,798	14,712
15,185	13,781	-	5,576	34,542
4,192	750	800	1,000	6,742
6,922	4,370	4,670	6,636	22,598
5,382	2,000	4,360	8,168	19,910
7,924	8,052	17,546	21,276	54,798
3,200	1,200	1,200	1,400	7,000
2,265	1,580	770	554	5,169
11,000	5,600	3,300	3,300	23,200
4,070	3,500	3,500	3,982	15,052
2,593	-	4,152	16,974	23,719
75,570	49,274	56,860	90,878	272,582

Building Homes and Communities Strategy (HRA sites)

Homes & Communities Strategy
White City Estate Regeneration
Becklow Gardens
Barclay Close
Jepson House
The Grange
Old Laundry Yard
Education City- HRA element
Hartopp & Lannoy
Farm Lane
Investment in Affordable Housing-Lillie Road Site
Subtotal Building Homes and Communities Strategy (HRA sites)

1,378	-	-	-	1,378
958	215	-	-	1,173
295	720	603	-	1,618
205	573	50	-	828
525	895	1,704	-	3,124
475	860	325	-	1,660
415	536	-	-	951
29,729	1,071	385	-	31,185
20,512	22,746	4,719	707	48,684
4,960	8,808	3,226	-	16,994
9,564	12,622	998	-	23,184
69,016	49,046	12,010	707	130,779

Other HRA Capital Schemes

Stanhope Joint Venture
Nourish Project (Good Growth Fund)
Subtotal Other HRA Capital Schemes
Total Expenditure

3,522	11,603	12,373	1,760	29,258
-	231	-	-	231
3,522	11,834	12,373	1,760	29,489
148,108	110,154	81,243	93,345	432,850

Capital Financing Summary

Specific/External or Other Financing

Capital Grants from Central Government
Contributions from leaseholders
Grants and Contributions from Private Developers (includes S106)
Capital Grants and Contributions from GLA Bodies
RtB GLA Ringfence and Affordable Housing Grants
Sub-total - Specific or Other Financing

2,593	-	-	7,300	9,893
3,100	3,000	3,000	6,000	15,100
2,299	7,803	8,075	1,148	19,325
300	-	-	-	300
7,168	4,576	4,298	612	16,654
15,460	15,379	15,373	15,060	61,272

Mainstream Financing (Internal Council Resource)

Capital Receipts (HRA)
1-4-1 capital receipts
Major Repairs Reserve (MRR) / Major Repairs Allowance
Capital Receipts (GF)
Sub-total - Mainstream Funding

9,574	6,881	42,265	3,000	61,720
1,909	1,929	-	-	3,838
17,600	17,800	18,200	18,800	72,400
-	-	-	-	-
29,083	26,610	60,465	21,800	137,958

Borrowing(HRA)

103,565	68,165	5,405	56,485	233,620
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Total Capital Financing

148,108	110,154	81,243	93,345	432,850
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APPENDIX 2 - FLEXIBLE USE OF CAPITAL RECEIPTS GUIDANCE AND PROPOSED APPLICATION (2024/25)

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 £0.800m 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 3 - MINIMUM REVENUE PROVISION (MRP) STATEMENT 2024/25

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 Strategic 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. 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).
12. 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.
13. 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.
14. 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.
15. The Strategic Director of Finance is responsible for implementing the Minimum Revenue Provision Statement and has managerial, operational and financial discretion necessary to ensure that MRP is calculated in accordance with this

Statement and with regulatory and financial requirements and resolve any practical interpretation issues.

Report to: Cabinet

Date: 12/02/2024

Subject: Capital Programme Monitor & Budget Variations, 2023/24 (Third Quarter)

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

Responsible Director: Sukvinder Kalsi, Strategic Director of Finance

SUMMARY

The Council's overall financial strategy includes significant capital investment in the infrastructure of the Borough and this in turn supports the delivery of the Council's key priorities and strategies e.g. Building Homes & Communities.

All capital programmes are complex and involve considerable local community engagement, procurement, and planning considerations. The forecast capital budget for 2023/24, as at third quarter, is £232.2m and includes:

- £61.3m investment in the existing council homes to ensure compliance and building affordable new homes for residents
- £28.3m investment in provision of new affordable housing
- £19.2m pre-financing of works to ensure the continuing safety of Hammersmith Bridge and progressing the stabilisation works. Much of this will be reclaimed from TfL and the Government.
- £10.5m investment in road maintenance and infrastructure schemes including £4.9m investment in waste collection and disposal equipment and £3m in Clean Air Neighbourhoods scheme as part of our Climate and Ecology Strategy
- £5.4m divestment in local supported housing
- £4.5m investment in civic accommodation including decarbonisation initiatives
- £4.2m investment in maintaining schools including £0.4m investment on window replacement and decarbonisation schemes
- £3.3m investment in social care capital projects including disabled facilities adaptations works
- £2.3m investment in parks, leisure, and community safety

Work is also continuing to complete the Civic Campus development that will re-open the historic town hall to the public and regenerate an important part of the Borough, providing a vibrant entertainment, arts, business, education, and social destination featuring world-class architecture.

The details of the capital programme for the financial year 2023/24 (including the financing of this spend) and the future programme are set out in the report.

RECOMMENDATIONS

1. To note the net increase in forecast capital expenditure of £4.9m for 2023/24.
2. To approve the updated four-year capital programme for 2023-2027 of £706.7m as detailed in Appendix 1.
3. To approve £16.984m additional pre-financing with regards to Hammersmith Bridge stabilisation (£7.927m) and pre-restoration (£9.057m) works, funded from the General Fund borrowing. Much of this will be reclaimed from TfL and Government.
4. To approve £0.5m additional budget with regards to Mund Street refurbishment costs, funded from the General Fund borrowing.
5. To approve £0.54m additional budget for Avonmore predevelopment costs, funded from the General Fund borrowing.
6. To note the potential risks regarding the General Fund Programme, as summarised in paragraphs 25-29.
7. To note the potential risks regarding the Housing Capital Programme, as summarised in paragraphs 30-33.
8. To note prudential indicators presented in Appendix 5, as per Prudential Code requirements.

Wards Affected: All

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

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	<p>All capital investment decisions are required to be underpinned by a robust business case that sets out the full costs, funding and risks and any expected financial return alongside the broader outcomes including economic and social benefits.</p> <p>This report provides detailed analysis of the Council's capital programme financial position and highlights potential risks and their impact on the Council's resources.</p>
Building shared prosperity	<p>We need to always confirm that spend fits our council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts. The council will continue to invest in our ambitious housing development programme and</p>

	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 and its contents are wholly of a financial nature.

Andre Mark, Head of Strategic Planning and Investment, 01 February 2024

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, 12 December 2023

Background Papers Used in Preparing This Report

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

- Capital Programme 2023-27 (published February 2023) - [Four Year Capital Programme 2023-27 And Capital Strategy 202324.pdf \(lbhf.gov.uk\)](#)
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ECONOMIC AND STRATEGIC OVERVIEW

The macro-economic turbulence (including high inflation and interest rates) has had a significant impact on the cost of materials, labour, and funding costs. Inflation has been consistent (at around 10% during the last financial year), reducing down to the current rate of 4.6% (November 2023) and interest rates have increased significantly (currently 5.25% in November 2023 compared to 0.25% in December 2021).

The interest rate regarding long-term borrowing from the Public Works Loans Board (PWLB) now stands at 5.2% compared to 1.5% in December 2021 (so borrowing is now more than 3 times more expensive than December 2021).

The Council's underlying need to borrow (Capital Financing Requirement - CFR) to support the capital programme is forecast to increase by £355.6m over the next 4 years (£90m regarding the headline General Fund CFR, £26m regarding self-financing schemes and £239.6m regarding the Housing Revenue Account).

There is a risk that those schemes expected to be self-financing are subject to economic and demand pressures, and therefore may not yield the required revenues. These details will be reported as part of the regular capital reports during 2023/24 and future years.

For illustrative purposes it is currently estimated that the increase of £90m in the headline General Fund CFR will result in an estimated additional revenue budget requirement of £7.65m¹ per annum by 2026/27.

These potential implications will need to be reflected in the Council's Treasury Management Strategy and the future MTFS.

CAPITAL PROGRAMME 2023/24 – Q3 OVERVIEW

1. The updated Quarter 3 2023/24 capital programme is summarised in Table 1. The programme has increased by £4.9m to £232.2m in comparison to the previous quarter. All the variations are detailed in Appendix 1.

¹ Current cost of borrowing rate of 8.5% calculated using the latest discounted certainty PWLB interest rate of 5.2% (including certainty rate discount) and minimum revenue provision (MRP) of 3.3%. MRP on new developments is charged at 2%.

Table 1 – LBHF Capital Programme 2023/24 with proposed Q3 variations

	Revised Budget 2023/24 (Q2) £'000	Total Variances £'000	Revised Budget 2023/24 (Q3) £'000	2023/24 Actual spend to date (Q3) £'000	Actual spend to revised budget %
CAPITAL EXPENDITURE					
Children's Services	4,438	(247)	4,191	1,458	35%
Social Care	3,328	-	3,328	479	14%
Environment Department	30,229	1,781	32,010	11,404	36%
Finance and Resources Department	4,072	(1,910)	2,162	-	0%
General Fund Schemes under the Economy Department	86,263	(5,597)	80,666	32,612	40%
Sub-total (General Fund)	128,330	(5,973)	122,357	45,953	38%
Economy Department-HRA Programme	98,937	10,880	109,817	30,927	28%
Sub-total Economy Department (HRA)	98,937	10,880	109,817	30,927	28%
Total Expenditure	227,267	4,907	232,174	76,880	33%
CAPITAL FINANCING					
Use of specific resources (grant/section106/receipts)	77,550	10,461	88,011	39,931	45%
Borrowing-General Fund	50,190	(10,369)	39,821	13,484	34%
Self-financing borrowing -General Fund	43,622	-	43,622	21,395	49%
Borrowing -HRA	55,905	4,815	60,720	2,070	3%
Total Capital Financing	227,267	4,907	232,174	76,880	33%

GENERAL FUND PROGRAMME OVERVIEW

- General Fund capital expenditure for 2023/24 is forecast at £122.4m, this a net decrease of £6m in comparison to the previous quarter. The Q3 movements are detailed in Appendix 1.
- The General Fund (GF) mainstream programme cuts across the departments and represents schemes which are funded from Council resources (capital receipts or borrowing). It is the area of the programme where the Council has the greatest discretion. The mainstream programme forecast for 2023/24 is £47m which represents a net decrease of £10.4m in comparison to the previous quarter. The mainstream programme and quarter 3 movements are summarised in Appendix 2.
- The mainstream programme does not include self-financing schemes (where the net General Fund revenue borrowing costs are nil). Whilst these will have an impact on the Council's CFR, it is assumed that all Minimum Revenue Payment (MRP) and interest costs will be fully reimbursed through grant contributions, the charging of a state-aid compliant interest rate, the loan repayment, commercial income, or reduction in revenue costs (e.g. lease rental payments).
- CFR movements related to these schemes are presented under "Self-Financing Schemes and Loans" heading in the Table 2. CFR for these schemes is forecast to increase by £33.5m (£43.6m new expenditure less £10.1m loan

repayments) to £89m in 2023/24 and to £81.4m by the end of 2026/27. Appendix 4 details the self-financing schemes and their movements.

6. A key financial focus of the capital monitoring report is the potential impact of capital expenditure on future borrowing and its revenue affordability. The Council's underlying need to borrow for a capital purpose is measured through the Capital Finance Requirement (CFR) and incorporates the forecast borrowing for the mainstream programme and self-financing schemes. The current forecast for the General Fund CFR is set out below:

Table 2 - Forecast General Fund CFR 2023/24-2026/27 (Quarter 3)

GENERAL FUND CFR ANALYSIS	2022/23	2023/24	2024/25	2025/26	2026/27
HEADLINE CFR EXCLUDING SELF FINANCING SCHEMES AND LOANS	£m	£m	£m	£m	£m
Opening Capital Finance Requirement (CFR)	128.91	134.01	170.75	221.22	223.51
Revenue Repayment of Debt (MRP)	(1.60)	(1.60)	(2.61)	(4.60)	(4.65)
Appropriation between HRA & GF	(1.96)	(1.48)	-	-	-
Mainstream Programme (Surplus)/Shortfall	8.65	39.82	53.08	6.89	5.14
Closing Capital Finance Requirement (CFR)	134.01	170.75	221.22	223.51	223.99
SELF FINANCING SCHEMES AND LOANS	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Opening Capital Finance Requirement	28.66	55.42	88.97	84.87	83.08
Revenue Repayment of Debt (MRP)	-	-	(0.41)	(1.70)	(1.66)
Repayment of loans	-	(10.07)	(33.60)	(0.10)	-
In Year Borrowing	26.76	43.62	29.91	-	-
Closing Capital Finance Requirement	55.42	88.97	84.87	83.08	81.42
Finance leases/PFI/ Deferred costs of disposal	13.53	12.39	11.69	10.99	10.29
Total Closing GF CFR	202.95	272.11	317.78	317.58	315.70

7. The current forecast for the General Fund (GF) Headline CFR is forecast to increase by £36.7m to £170.8m at the end of 2023/24 and £224m by the end of 2026/27. The increase in GF Headline CFR puts additional pressures on revenue budgets.
8. 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.
9. 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 2 follow this guidance and assume the following:
 - MRP charges are deferred for development projects until a year after their completion. The rate charged is based on the estimated life of an asset (50 years for new developments).
 - MRP on rolling capital programmes and smaller scale ad hoc schemes is charged the year after the expenditure incurs. The rate used is based on the weighted average life of an asset (3.18% for 2023/24 and 3.28% for 2024/25 and future years).

10. Minimum Revenue Provision (MRP) forecast for 2023/24 is £1.6m, increasing to £6.3m by the end of 2026/27. This increase will need to be reflected in the Medium-Term Financial Strategy (MTFS).
11. The mainstream forecast assumes funding of £10.8m (brought forward from 2022/23) from capital receipts. These will be partially used to support invest to save expenditure and IT investment in accordance with the council's reserve strategy and action plan.
12. This report is seeking approval for additional £16.984m pre-financing of Hammersmith Bridge works (£7.297m for stabilisation and £9.057m for pre-restoration works). In line with government announcements, central government (Department for Transport (DfT)) and Transport for London (TfL) will fund two-thirds of the total project costs, and this is expected to be formalised in a proposed Memorandum of Understanding (MoU). The Council's one third contribution is expected to be funded from a new road user charging scheme, or a toll. The current programme applies general fund borrowing until the external funding is paid to the Council.
13. This report is seeking an approval for an additional £0.5m budget for the Mund Street refurbishment. The refurbishment of the site is to enable use by Avonmore Primary school whilst its current building is demolished and rebuilt as part of the Community Schools Programme. An initial budget of £862,730 was approved in September 2023 based on initial estimates derived from a condition survey undertaken by external consultants. The project has now progressed to tender stage and actual bid costs are significantly higher than previously budgeted. An increase in the budget of £500,000 is therefore requested to allow the project to proceed and to create a contingency.
14. This report is also seeking an approval for an additional £540,000 budget for Community Schools Programme required to progress redevelopment of Avonmore primary school site. This additional budget is required to provide supplementary RIBA Stage 3+ detail design tender information (required to respond to the soft market testing feedback) and to facilitate RIBA Stage 4 procurement.
15. These additional budgets totalling £1,040,000 will be funded using General Fund borrowing which will have an impact on the Council's finances. £540,000 additional budget has been factored into the updated podplan for Avonmore and does not negatively affect the viability of the scheme. An additional budget of £500,000 for Mund Street refurbishment will also need to be modelled.
16. It should be noted that all capitalised spend for Avonmore to date (currently standing at £2m) and Mund Street (£1m) as well as any future capitalised spend (including the above proposed new additions of £1.04m) would be written off to revenue if the projects were not to proceed. The council will need to ensure that other project costs are monitored carefully to ensure delivery within the current approved budget. An earmarked reserve (£5m) has been put aside to minimise the impact on revenue of potential write off of the capitalised spend to date if the projects get aborted.

HOUSING CAPITAL PROGRAMME OVERVIEW

17. Housing Capital expenditure for 2023/24 is forecast at £109.8m. The expenditure and funding analysis of the Housing Programme is summarised in Table 2 below.

Table 2 – Housing Capital Programme 2023/24 with proposed Q3 variations:

	Current Year Programme			Future Years Budgets		
	Revised Budget 2023/24 (Q2)	Total Variations	Revised Budget 2023/24 (Q3)	Indicative 2024/25 Budget	Indicative 2025/26 Budget	Indicative 2026/27 Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure						
HRA Asset Management and Compliance Programme	66,992	(5,666)	61,326	75,570	49,274	56,860
Building Homes and Communities Strategy	23,131	(2,909)	20,222	69,016	49,046	12,010
Other HRA Capital Schemes	8,814	19,455	28,269	3,522	11,834	12,373
Total Housing Programme	98,937	10,880	109,817	148,108	110,154	81,243
Available and Approved Resource						
Capital Receipts - Unrestricted	2,971	-	2,971	9,574	6,881	42,265
Capital Receipts - RTB (141)	650	-	650	1,909	1,929	-
Capital Receipts - GF	-	-	-	-	-	-
Major Repairs Reserve (MRR)	17,176	-	17,176	17,600	17,800	18,200
Contributions Developers (S106)	2,404	(995)	1,409	2,299	7,803	8,075
Contributions from leaseholders	2,833	317	3,150	3,100	3,000	3,000
Capital Grants from Central Government	174	2,917	3,091	2,593	-	-
Capital Grants and Contributions from GLA Bodies	2,349	6,371	8,720	300	-	-
RtB GLA Ringfence	14,731	(2,545)	12,186	7,168	4,576	4,298
Borrowing (HRA)	55,649	4,815	60,464	103,565	68,165	5,405
Total Funding	98,937	10,880	109,817	148,108	110,154	81,243

18. Within the Housing Capital Programme there has been a budget increase of £10.9m. The net increase is mainly due to budget reprofiling to future years in relation to HRA Asset Management and Compliance Programme (£5.7m) and Hartopp and Lannoy redevelopment (£2.5m) and an additional budget of £19.9m with regards to the New Homes for Refugees scheme, approved via Leader's Urgent Decision in July 2023. The Q3 movements are detailed in Appendix 1.

19. The HRA CFR movements are shown in Table 3 below:

Table 3 – HRA CFR at Q3 2023-24 (including future years forecast):

HRA CFR Forecast	Actual	Forecast			
	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Opening HRA CFR	256.97	300.57	362.77	466.57	534.74
In Year Borrowing	41.65	60.72	103.80	68.17	5.41
Appropriation between HRA & GF	1.96	1.48	-	-	-
Closing HRA CFR	300.57	362.77	466.57	534.74	540.14

20. The Housing Revenue Account 2023/24 CFR is forecast to increase by £62.2m in comparison to 2022/23, to £362.8m. The HRA CFR is forecast to be £540.1m by the end of 2026/27. The increase in HRA CFR has significant implications for HRA revenue budgets

FINANCING OF CAPITAL EXPENDITURE IN 2023/24

21. The financing of the capital programme across both the General Fund and HRA can be seen in summary at table 1 (above) and in more detail within the appendices. The Capital Financing Requirement (CFR), which demonstrates the council's underlying need to borrow, is forecast to increase in 2023/24 by £131.4m, driven by a combination of spend on elements of the programme that should over the long-term be self-financing (primarily linked to the Civic Campus project), and others elements where the borrowing costs are charged to revenue over time, via the Minimum Revenue Provision (MRP) within the General Fund (as statutorily required) and through the 10 year business plan within the HRA.
22. The additional borrowing forecast for 2023/24 is currently assumed to be internal borrowing, i.e. funded temporarily via our own cash balances, thereby negating the need to borrow externally and the related cost of borrowing. This is particularly advantageous currently given Public Works Loans Board (PWLB) rates are above 5%, which is more than the opportunity cost of the return from investing cash balances. Internal borrowing is however by its nature a finite option and must be considered alongside other strategic priorities for the use of cash balances (such as use of earmarked reserves and the council's investment strategy). This is considered within the overall borrowing strategy, which is constructed across key strands including our capital programme, treasury management strategy and revenue strategy.

FOUR YEAR CAPITAL PROGRAMME OVERVIEW

23. Budget Council approved a four-year capital programme for 2023/24 to 2026/27 of £506.8m. The programme now stands at £706.7m. The movement (a net increase) of £199.9m is summarised in the below attached table:

Budget Movement Summary for 2023/24-2026/27 capital programme	General Fund	HRA	Total
	£'m	£'m	£'m
Four-year capital programme budget approved at Full Council in February 2023	123.6	383.2	506.8
Carry forward of unspent budgets from 2022/23 to future years	48.1	2.8	50.9
New budget approved for progression and delivery of LBHF's development for Farm Lane & Lille Road sites	-	40.8	40.8
New budget approved for Homes for Refugees scheme	-	19.5	19.5
Additional budgets required to reflect an increase in capitalisation of staffing costs	-	4.7	4.7
Additional budget for Hammersmith Bridge Strengthening	24.8	-	24.8
New approved budget for Hammersmith Town Hall refurbishment	21.5	-	21.5
New budget approved for CHS schools capital programme	16.2	-	16.2
Additional approved budgets for various other capital schemes	5.7	-	5.7
Civic Campus commercial loan cashflow forecast adjustment	8.8	-	8.8
Acquisition of SBHA properties	5.4	-	5.4
Additional approved budget for Green Investment projects	5.0	-	5
Additional approved budget for Clean Air Neighbourhoods scheme	3.9	-	3.9
Additional approved budget for Waste Collection and Disposal	3.7	-	3.7
Additional budget, as per agreed TfL and s106 funding, for various infrastructure and transport schemes	2.3	-	2.3
Reduction in Education City loan budget to reflect the actual cash flow forecast	(11.7)	-	(11.7)
Budget reprofiling to 2027/28- Edith Summerskill scheme		(1.6)	(1.6)
Revised four -year capital programme as at 2023/24 Q3	257.3	449.4	706.7

24. A summary of four-year capital programme, including proposed Q3 variations, is presented in Appendix 1.

GENERAL FUND CAPITAL PROGRAMME RISKS

25. The following risks associated with funding of future years' expenditure have been identified within the General Fund Capital programme:
26. **Pre-development costs:** The capital programme includes several regeneration schemes that are at an early stage. These include Mund Street, Farm Lane, Lillie Road and Community Schools Programme budgets totalling £12.6m. Should these schemes not fully progress there is a risk that some, or all, of the expenditure may need to be written off to revenue. As mitigation against this risk the Development Board (chaired by the Strategic Director of The Economy) is providing a gateway and governance process for these schemes before commitment of funds. An earmarked revenue reserve of £5m is also set aside as further mitigation.
27. **Self-financing:** The current four-year capital programme contains £73.5m of budgets in relation to self-financing schemes. This is in addition to £55.4m already spent on these schemes as at 31 March 2023. Whilst these will have an impact on the Council's CFR, it is assumed that all Minimum Revenue Payment (MRP) and interest costs will be fully reimbursed through grant contributions, the charging of a state-aid compliant interest rate, the loan repayment, commercial income, or reduction in revenue costs (e.g. lease rental payments).
28. £63m of the above self-financing schemes is in relation to acquisition of Civic Campus commercial units. The financing of the borrowing costs for this scheme is highly sensitive to market changes and therefore there is a risk that, in the current economic climate, anticipated rental income targets might be lower than forecast and will not be sufficient to cover the associated borrowing costs.
29. **Capital receipts:** There are currently no forecast capital receipts and therefore will rely on borrowing to finance capital programmes in future years. However, the Council's Property Transformation team is systematically reviewing all assets as part of asset management best practice and as part of the wider accommodation strategy. As part of this programme of work, surplus assets may be identified that cannot be re-purposed for other uses and that could be sold for a capital receipt to support the capital programme. Any decisions on asset disposals will be the subject of a future report.

HOUSING CAPITAL PROGRAMME RISKS

30. The following risks associated with funding of future years' expenditure have been identified within the Housing Capital programme:
31. **Right to Buy funding (retained receipts):** The Council has retained £16.1m of RTB 1-4-1 receipts which need to be spent within five years from the date of retention on eligible expenditure in respect of building new affordable housing schemes. £1.6m of these receipts is due to be spent by 31 March 2024. Should these receipts not be spent in a timely basis, the Council will have to repay them back to the Department of Levelling Up, Housing and Communities (DLUHC) with interest which would be an additional cost to the HRA.

32. **Building Safety Act and Fire Safety Act:** The Building Safety Act came into force on 28 April 2022 whereas the Fire Safety Act was enacted in 2021. These legislations will significantly impact on the Council in its role as landlord. Whilst the Council has already approved its current Asset Management and Compliance Programme, which is included in the Capital Programme, additional safety requirements and further significant capital requirements will need to be considered. An updated Asset Management Capital Strategy, setting out a 12-year plan, was approved by the Cabinet in September 2021. Four-year spend for the period 2023/24-2026/27 has already been incorporated into the current Capital Programme. The impact of the proposals has been modelled in the latest HRA 10-year Business Plan and indicates a requirement for additional revenue savings to finance the significant capital servicing costs involved.
33. **Pre-development costs:** The current HRA programme contains £15.9m budget in relation to affordable housing schemes which are still in predevelopment stages. Of this, £4.1m has been spent as of 31 March 2023. Should these schemes not fully progress there is a risk that some, or all, of the expenditure may need to be written off to revenue. As a mitigation against this risk, an officer group (chaired by the Strategic Director of The Economy) provides a gateway and governance process for these schemes before any recommendation for commitment of funds. An earmarked revenue reserve of £3.6m is also set aside as further mitigation.

REASONS FOR DECISION

34. This report reports the quarter 1 position to Cabinet and seeks revisions to the Capital Programme which require the approval of Cabinet in accordance with the Council's financial regulations.

EQUALITY IMPLICATIONS

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

RISK MANAGEMENT

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

considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible.

37. Large scale capital projects can operate in environments which are complex, turbulent, and continually evolving. Effective risk identification and control within such a dynamic environment is more than just populating a project risk register or appointing a project risk officer. Amplifying the known risks so that they are not hidden or ignored, demystifying the complex risks into their more manageable sum of parts, and anticipating the slow emerging risks which can escalate rapidly are all necessary components of good capital programme risk management.
38. The impact to councils of the Grenfell Tower fire is yet to be fully established. It is certain that many councils are/will be undertaking property reviews to determine the levels of improvements required to ensure fire safety arrangements within their buildings meet both the expectations of the residents and that they comply with building regulations and other statutory duties.
39. The Fire Safety Act 2021 (the Act) received Royal Assent on 29 April 2021 and commenced on 16 May 2022. The Act amended the Regulatory Reform (Fire Safety) Order 2005 (the Fire Safety Order). The Act confirms that responsible persons (RPs) for multi-occupied residential buildings must assess, manage, and put in place measures to reduce the risk of fire for the structure and external walls of the building, including cladding, balconies and windows, and entrance doors to individual flats that open into common parts.
40. The Dame Judith Hackitt independent review of fire safety, following the Grenfell tragedy, recognises that High Rise Residential Buildings (10 Storeys and above) are a special risk where layers of fire protection must be put in place to reduce the risk to as low as reasonably possible, however reducing the risk for all residential accommodation is fundamental. This process is on-going and must be continually reviewed at least annually.
41. All works must comply with the Construction (Design and Management) Regulations. The Council must appoint a Principal Designer and Principal Contractor with the necessary and demonstrable expertise and competence.
42. Proposals set out in this report seek to comply with the Council's legal duties.
43. The report sets out the ongoing economic uncertainty, including the potential for further interest rate rises to be agreed by the Bank of England, and identifies actions which will, in part, mitigate this risk.
44. Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 7 December 2023

VAT IMPLICATIONS

45. The Council needs to carefully consider its VAT partial exemption calculation and the risk of breaching the partial exemption threshold. Capital projects represent the bulk of this risk. A breach would likely cost the Council between £2.5-£3m per year whilst in breach. Finance officers are working closely with departments to ensure that partial exemption risks are considered as part of

significant capital projects. Further detail on the Council's partial exemption is included in Appendix 3.

Implications verified by: Joanna Monaghan, Principal Accountant (Taxation), Corporate Finance, 13 December 2023

LIST OF APPENDICES:

- Appendix 1 – Detailed capital budget, spend and variation analysis by department
- Appendix 2 – GF Mainstream Capital Programme 2023-27
- Appendix 3 – VAT partial exemption
- Appendix 4 – Self-financing schemes
- Appendix 5 – Summary of Prudential Indicators

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

SUMMARY CAPITAL PROGRAMME 2023/24-2026/27

	Revised Budget 2023/24 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2023/24 (Q3)	2023/24 Actual spend to date		2024/25	2025/26	2026/27	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
CAPITAL EXPENDITURE												
Children's Services	4,438	(600)	353	-	(247)	4,191	1,458		7,915	1,937	4,314	18,357
Social Care	3,328	-	-	-	-	3,328	479		-	-	-	3,328
Environment Department	30,229	(20,358)	22,139	-	1,781	32,010	11,404		29,877	3,698	2,376	67,961
Finance and Resources Department	4,072	(1,910)	-	-	(1,910)	2,162	-		7,587	-	-	9,749
General Fund Schemes under the Economy Department	86,263	(6,637)	1,040	-	(5,597)	80,666	32,612		70,172	3,873	3,260	157,971
Sub-total (General Fund)	128,330	(29,505)	23,532	-	(5,973)	122,357	45,953		115,551	9,508	9,950	257,366
Economy Department-HRA Programme	98,937	(8,575)	19,455	-	10,880	109,817	30,927		148,108	110,154	81,243	449,322
Sub-total Economy Department (HRA)	98,937	(8,575)	19,455	-	10,880	109,817	30,927		148,108	110,154	81,243	449,322
Total Expenditure	227,267	(38,080)	42,987	-	4,907	232,174	76,880		263,659	119,662	91,193	706,688
CAPITAL FINANCING												
Specific/External Financing:												
Government/Public Body Grants	7,504	(600)	1,062	1,855	2,317	9,821	1,959		10,508	1,937	4,314	26,580
Grants and Contributions from Private Developers (includes S106/CIL)	13,916	(1,305)	108	9,178	7,981	21,897	6,400		16,210	8,486	8,575	55,168
Capital Grants/Contributions from Non-departmental public bodies	790	(320)	4	-	(316)	474	2		320	-	-	794
Capital Grants and Contributions from GLA Bodies	19,500	(2,669)	8,400	(2,029)	3,702	23,202	8,889		7,612	4,576	4,298	39,688
Leaseholder Contributions	2,833	-	317	-	317	3,150	2,799		3,100	3,000	3,000	12,250
Sub-total - Specific Financing	44,543	(4,894)	9,891	9,004	14,001	58,544	20,049		37,750	17,999	20,187	134,480
Mainstream Financing (Internal):												
Capital Receipts - General Fund	7,229	-	-	-	-	7,229	2,318		3,597	-	-	10,826
Capital Receipts - HRA	3,621	-	-	-	-	3,621	359		11,483	8,810	42,265	66,179
Major Repairs Reserve (MRR)	17,176	-	-	-	-	17,176	17,176		17,600	17,800	18,200	70,776
Earmarked Reserves (Revenue)	4,981	(4,071)	531	-	(3,540)	1,441	29		6,434	-	-	7,875
Sub-total - Mainstream Funding	33,007	(4,071)	531	-	(3,540)	29,467	19,882		39,114	26,610	60,465	155,656
Borrowing-General Fund	93,812	(23,085)	22,889	(10,173)	(10,369)	83,443	34,879		82,995	6,888	5,136	178,462
Borrowing -HRA	55,905	(6,030)	9,676	1,169	4,815	60,720	2,070		103,800	68,165	5,405	238,090
Total Capital Financing	227,267	(38,080)	42,987	-	4,907	232,174	76,880		263,659	119,662	91,193	706,688

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

Children's Services	Current Year Programme						Future Years Budgets			
	Analysis of Movements (Q2 to Q3)						2024/25 Budget	2025/26 Budget	2026/27 Budget	Total Budget (All years)
	Revised Budget 2023/24 (Q2)	2023/24 Actual spend to date	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary										
SEN sufficiency	605	-	-	-	-	-	2,500	600	2,500	6,205
Foster carers' extension	167	2	-	353	-	353	-	-	-	520
Basic Need Placement Sufficiency	846	-	-	-	-	-	291	69	521	1,727
Windows & decarbonisation	1,000	33	(600)	-	-	(600)	3,201	-	-	3,601
School Maintenance Programme	1,820	1,423	-	-	-	-	1,923	1,268	1,293	6,304
Total Expenditure	4,438	1,458	(600)	353	-	(247)	7,915	1,937	4,314	18,357
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	4,271	1,456	(600)	-	-	(600)	7,915	1,937	4,314	17,837
Sub-total - Specific or Other Financing	4,271	1,456	(600)	-	-	(600)	7,915	1,937	4,314	17,837
Mainstream Financing (Internal Council Resource)										
Capital Receipts	25	2	-	-	-	-	-	-	-	25
Use of Reserves	-	-	-	495	-	495	-	-	-	495
Sub-total - Mainstream Funding	25	2	-	495	-	495	-	-	-	520
Borrowing	142	-	-	(142)	-	(142)	-	-	-	-
Total Capital Financing	4,438	1,458	(600)	353	-	(247)	7,915	1,937	4,314	18,357

The projected spend in 2023/24 includes £401k on accessibility works included in school planned programmes and enhancing the provision for SEN learners with EHCPs, based on recommendations from the SEN Sufficiency Review. The spend will be funded from the High Needs Provision Capital Allocation and Special Provision Capital grants. There is projected spend of £400k in 2023/24 and £3.2m in 2024/25 on the windows and decarbonisation programme in schools including Fulham Bilingual, Melcombe, Langford Primary and William Morris Sixth Form, in line with the climate and ecological Council priorities. In addition, £1.4m is expected to be drawn down from School Condition Allocation grant funds in 2023/24 towards planned and unplanned works in maintaining the condition of all LA maintained schools and carrying out condition surveys of all LA maintained schools. £420k is expected to be spent on project management and contingency in 2023/24. The remaining budget of £17.5m will be carried forward to fund Capital spend in future years in line with the approved 2023-28 Capital programme. The School Maintenance Programme actuals for 2023/24 include £227k of direct payments to schools for their Capital works. A decision report was approved on 15th November 2023 for a revised budget of £520k to be spent on the foster carers' extension project to enable permanency for a family. Of the total foster carers' extension projected spend, £495k will be met from earmarked reserve funds and £25k will be funded from capital receipts. The profiled spend for the project will be reviewed with service colleagues and updated accordingly.

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

Social Care Services	Current Year Programme							Future Years Budgets			
	Analysis of Movements (Q2 to Q3)										
	Revised Budget 2023/24 (Q2) £'000	2023/24 Actual spend to date £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Revised Budget 2023/24 (Q3) £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary											
Extra Care New Build project (Adults' Personal Social Services Grant)	957	-	-	-	-	-	957	-	-	-	957
Disabled Facilities Grant	1,215	260	-	-	-	-	1,215	-	-	-	1,215
Transforming Care (Winterbourne Grant)	300	-	-	-	-	-	300	-	-	-	300
Social Care Capital Projects	856	219	-	-	-	-	856	-	-	-	856
Total Expenditure	3,328	479	-	-	-	-	3,328	-	-	-	3,328
Capital Financing Summary											
Specific/External or Other Financing											
Capital Grants from Central Government	2,899	479	-	-	-	-	2,899	-	-	-	2,899
Capital Grants/Contributions from Non-departmental public bodies	300	-	-	-	-	-	300	-	-	-	300
Sub-total - Specific or Other Financing	3,199	479	-	-	-	-	3,199	-	-	-	3,199
Borrowing	129	-	-	-	-	-	129	-	-	-	129
Total Capital Financing	3,328	479	-	-	-	-	3,328	-	-	-	3,328

The Adults' Personal Social Services Grant of £0.957m can be utilised to increase in borough LD and MH care provision (placements, respite & supported living). The project team are liaising with the Economy department to identify potential properties for purchase / conversion. A business case and Urgent Leaders report are being prepared detailing the properties, proposals, capital costs and revenue implications with the proposal to use this grant as a contribution to Emlyn Gardens purchase.

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

Environment Department

Current Year Programme

Future Years Budgets

	Revised Budget 2023/24 (Q2) £'000	2023/24 Actual spend to date £'000	Analysis of Movements (Q2 to Q3)				Revised Budget 2023/24 (Q3) £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
			Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000					
Scheme Expenditure Summary											
Footways and Carriageways	2,555	1,549	-	-	-	-	2,555	2,030	2,030	2,030	8,645
Transport For London Schemes	1,340	358	-	-	-	-	1,340	-	-	-	1,340
Column Replacement	382	144	(60)	-	-	(60)	322	406	346	346	1,420
Other Highways Capital Schemes	2,250	538	(14)	89	-	75	2,325	4,126	183	-	6,634
Clean Air Neighbourhoods	4,567	12	(2,547)	-	(45)	(2,592)	1,975	2,847	-	-	4,822
Hammersmith Bridge Stabilisation Works	4,900	3,764	(4,688)	7,927	-	3,239	8,139	4,688	-	-	12,827
Hammersmith Bridge Pre Restoration Works	6,149	2,588	(4,121)	9,057	-	4,936	11,085	4,121	-	-	15,206
Waste Collection and Disposal Projects	4,863	1,261	(2,859)	-	-	(2,859)	2,004	3,381	-	-	5,385
Green Investment Projects	-	-	(5,000)	5,000	-	-	-	5,000	-	-	5,000
Public CCTV	1,097	883	-	-	-	-	1,097	1,102	1,139	-	3,338
Kings Coronation Youth Fund	632	-	(597)	-	-	(597)	35	597	-	-	632
Parks Projects	1,274	307	(252)	66	45	(141)	1,133	1,359	-	-	2,492
Leisure Centre Capital Investment	220	-	(220)	-	-	(220)	-	220	-	-	220
Total Expenditure	30,229	11,404	(20,358)	22,139	-	1,781	32,010	29,877	3,698	2,376	67,961
Capital Financing Summary											
Specific/External or Other Financing											
Capital Grants from Central Government	160	24	-	-	-	-	160	-	-	-	160
Grants and Contributions from Private Developers (includes S106/S278)	4,447	808	(805)	108	-	(697)	3,750	5,675	183	-	9,608
Capital Grants/Contributions from Non-departmental public bodies	463	2	(320)	4	-	(316)	147	320	-	-	467
Capital Grants and Contributions from GLA Bodies	2,057	355	(124)	-	-	(124)	1,933	124	-	-	2,057
Sub-total - Specific or Other Financing	7,127	1,189	(1,249)	112	-	(1,137)	5,990	6,119	183	-	12,292
Mainstream Financing (Internal Council Resource)											
Capital Receipts	-	1,967	-	-	1,967	1,967	1,967	-	-	-	1,967
Use of Reserves	2,907	29	(2,161)	36	-	(2,125)	782	2,679	-	-	3,461
Sub-total - Mainstream Funding	2,907	1,996	(2,161)	36	1,967	(158)	2,749	2,679	-	-	5,428
Borrowing	20,195	8,219	(16,948)	21,991	(1,967)	3,076	23,271	21,079	3,515	2,376	50,241
Total Capital Financing	30,229	11,404	(20,358)	22,139	-	1,781	32,010	29,877	3,698	2,376	67,961

The slippage this quarter mostly relates to a temporary pause on the Clean Air Neighbourhoods programme. A meeting planned for the end of November will set the future direction of this scheme. Refurbishment of the running track at Linford Christie (Kings Coronation Youth Fund project) will take place in 2024/25 to allow time for plans and preparatory work to be undertaken. The final stages of the leisure centre investment scheme will be concluded in 2024/25. There is a small amount of slippage on parks projects, mostly due to a reprofiling of Hammersmith Park outdoor gym works.

The major additions this quarter relate to continuing Hammersmith Bridge works and new climate and ecological schemes, to be funded from the Council's new green community investment scheme that launched in November 2023. The scheme overall is targeting new investment of £5m, with the schemes expected to be deployed in 2024/25 financial year. Hammersmith Bridge works continue at risk, pending confirmation of funding contributions from the Department for Transport and Transport for London. The Council's business case is due to be reviewed by DfT in November, after which it is expected to have more certainty around funding arrangements. Other smaller additions this quarter relate to new developer funded Highways works and new grant funded parks projects. All other capital schemes are progressing as planned.

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

Finance and Resources Department

Current Year Programme

Future Years Budgets

	Analysis of Movements (Q2 to Q3)						Revised Budget 2023/24 (Q3) £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
	Revised Budget 2023/24 (Q2) £'000	2023/24 Actual spend to date £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000					
Scheme Expenditure Summary											
Invest to Save - Flexible Use of Capital Receipts	739	-	-	-	-	-	739	3,597	-	-	4,336
Investment in Digital Infrastructure	827	-	-	-	-	-	827	-	-	-	827
Tech-ionic 2 Device refresh	2,330	-	(1,910)	-	-	(1,910)	420	3,990	-	-	4,410
Business Intelligence Infrastructure	176	-	-	-	-	-	176	-	-	-	176
Total Expenditure	4,072	-	(1,910)	-	-	(1,910)	2,162	7,587	-	-	9,749
Capital Financing Summary											
Mainstream Financing (Internal Council Resource)											
Capital Receipts	739	-	-	-	-	-	739	3,597	-	-	4,336
Use of Reserves	2,074	-	(1,910)	-	-	(1,910)	164	3,755	-	-	3,919
Sub-total - Mainstream Funding	2,813	-	(1,910)	-	-	(1,910)	903	7,352	-	-	8,255
Borrowing (GF)	1,003	-	-	-	-	-	1,003	-	-	-	1,003
Borrowing (HRA)	256	-	-	-	-	-	256	235	-	-	491
Total Capital Financing	4,072	-	(1,910)	-	-	(1,910)	2,162	7,587	-	-	9,749

£1.9m slippage in relation to roll out of new laptops and IT equipment.

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

Economy Department General Fund Managed Schemes		Current Year Programme						Future Years Budgets			
		Analysis of Movements (Q2 to Q3)									
	Revised Budget 2023/24 (Q2)	2023/24 Actual spend to date	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2023/24 (Q3)	2024/25 Budget	2025/26 Budget	2026/27 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary											
Civic Campus											
Hammersmith Town Hall Refurbishment	20,140	5,356	-	-	-	-	20,140	27,202	-	-	47,342
Acquisition of commercial units	11,339	5,950	-	-	-	-	11,339	29,264	-	-	40,603
Commercial Units- Cinema Fit Out	1,750	-	-	-	-	-	1,750	-	-	-	1,750
JV Partnership Loan (Civic Campus)	10,333	5,107	-	-	-	-	10,333	650	-	-	10,983
Subtotal Civic Campus	43,562	16,413	-	-	-	-	43,562	57,116	-	-	100,678
Building Homes and Communities Strategy (GF sites)											
Education City Loan	20,200	10,338	-	-	-	-	20,200	-	-	-	20,200
Education City -Youth Facility	3,655	-	-	-	-	-	3,655	-	-	-	3,655
Mund Street	1,000	226	(750)	250	-	(500)	500	1,645	973	360	3,478
Community Schools Programme	1,030	371	(350)	790	-	440	1,470	350	-	-	1,820
Subtotal Building Homes and Communities Strategy (GF sites)	25,885	10,935	(1,100)	1,040	-	(60)	25,825	1,995	973	360	29,153
Other GF Capital Schemes managed by the Economy											
Sands End Community Centre	27	-	-	-	-	-	27	-	-	-	27
Planned Maintenance/DDA Programme	8,178	349	(3,680)	-	-	(3,680)	4,498	6,580	2,400	2,400	15,878
Carnwath Road	-	-	-	-	-	-	-	1,870	-	-	1,870
North End Road - Good Growth Fund	824	18	-	-	-	-	824	244	-	-	1,068
West Kensington & Gibbs Green Public Realm	490	5	-	-	-	-	490	510	500	500	2,000
WMC JV Exit Costs	1,857	-	(1,857)	-	-	(1,857)	-	1,857	-	-	1,857
Divestment in local supported housing	5,440	4,892	-	-	-	-	5,440	-	-	-	5,440
Subtotal Other GF Capital Schemes managed by the Economy	16,816	5,264	(5,537)	-	-	(5,537)	11,279	11,061	2,900	2,900	28,140
Total Expenditure	86,263	32,612	(6,637)	1,040	-	(5,597)	80,666	70,172	3,873	3,260	157,971

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

Economy Department General Fund Managed Schemes

Current Year Programme

Future Years Budgets

Analysis of Movements (Q2 to Q3)										
Revised Budget 2023/24 (Q2)	2023/24 Actual spend to date	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2023/24 (Q3)	2024/25 Budget	2025/26 Budget	2026/27 Budget	Total Budget (All years)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Capital Financing Summary

Specific/External or Other Financing

Grants and Contributions from Private Developers (includes S106)	1,645	231	(500)	-	-	(500)	1,145	1,036	500	500	3,181
Community Infrastructure Levy (CIL)	5,420	5,356	-	-	10,173	10,173	15,593	7,200	-	-	22,793
Capital Grants/Contributions from Non-departmental public bodies	27	-	-	-	-	-	27	-	-	-	27
Capital Grants and Contributions from GLA Bodies	363	16	-	-	-	-	363	20	-	-	383
Sub-total - Specific or Other Financing	7,455	5,603	(500)	-	10,173	9,673	17,128	8,256	500	500	26,384
Mainstream Financing (Internal Council Resource)											
Capital Receipts (GF)	6,465	349	-	-	(1,967)	(1,967)	4,498	-	-	-	4,498
Sub-total - Mainstream Funding	6,465	349	-	-	(1,967)	(1,967)	4,498	-	-	-	4,498
GF Borrowing	72,343	26,660	(6,137)	1,040	(8,206)	(13,303)	59,040	61,916	3,373	2,760	127,089
Total Borrowing	72,343	26,660	(6,137)	1,040	(8,206)	(13,303)	59,040	61,916	3,373	2,760	127,089
Total Capital Financing	86,263	32,612	(6,637)	1,040	-	(5,597)	80,666	70,172	3,873	3,260	157,971

£1.04m budget for Mund Street and Community Schools Programme was added in Q3 and reprofiled to future years. £3.68m of Corporate Planned Maintenance budget has been reprofiled to 2024/25 mainly in relation to various decarbonisation projects awaiting confirmation of external match funding.

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

Economy Department- HRA Capital Programme	Current Year Programme							Future Years Budgets			
	Analysis of Movements (Q2 to Q3)						Revised Budget 2023/24 (Q3) £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total Budget (All years) £'000
	Revised Budget 2023/24 (Q2) £'000	2023/24 Actual spend to date £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000					
Scheme Expenditure Summary											
HRA Asset Management and Compliance Programme											
Pre Agreed Works	10,894	4,820	-	-	-	-	10,894	7,773	7,041	13,112	38,820
Fire Safety Compliance Programme	5,996	3,271	2,530	-	-	2,530	8,526	5,064	1,400	3,450	18,440
Fire Safety Complex Schemes	8,150	4,074	(485)	-	-	(485)	7,665	15,185	13,781	-	36,631
Lift Schemes	4,001	-	(3,442)	-	-	(3,442)	559	4,192	750	800	6,301
Boiler Schemes	2,979	310	(782)	-	-	(782)	2,197	6,922	4,370	4,670	18,159
Safety Works - Electrical	6,397	624	(3,133)	-	-	(3,133)	3,264	5,382	2,000	4,360	15,006
Safety Works	6,778	1,191	-	-	-	-	6,778	7,924	8,052	17,546	40,300
Void Works	4,381	4,151	-	-	-	-	4,381	3,200	1,200	1,200	9,981
Other Capital Improvements	7,518	820	(354)	-	-	(354)	7,164	2,265	1,580	770	11,779
Capitalised salaries	6,040	-	-	-	-	-	6,040	11,000	5,600	3,300	25,940
Capitalised repairs	3,858	495	-	-	-	-	3,858	4,070	3,500	3,500	14,928
Climate Emergency and Other future works	-	219	-	-	-	-	-	2,593	-	4,152	6,745
Subtotal HRA Asset Management and Compliance Programme	66,992	19,975	(5,666)	-	-	(5,666)	61,326	75,570	49,274	56,860	243,030
Building Homes and Communities Strategy (HRA sites)											
Homes & Communities Strategy	-	-	-	-	-	-	-	1,378	-	-	1,378
White City Estate Regeneration	722	444	-	-	-	-	722	958	215	-	1,895
Becklow Gardens	41	4	-	-	-	-	41	295	720	603	1,659
Barclay Close	54	4	-	-	-	-	54	205	573	50	882
Jepson House	55	4	-	-	-	-	55	525	895	1,704	3,179
The Grange	50	4	-	-	-	-	50	475	860	325	1,710
Old Laundry Yard	150	75	-	-	-	-	150	415	536	-	1,101
Education City- HRA element	21,032	7,889	(364)	-	-	(364)	20,668	29,729	1,071	385	51,853
Hartopp & Lannoy	8,045	2,148	(2,545)	-	-	(2,545)	5,500	20,512	22,746	4,719	53,477
Farm Lane	435	119	-	-	-	-	435	4,960	8,808	3,226	17,429
Investment in Affordable Housing-Lillie Road Site	592	249	-	-	-	-	592	9,564	12,622	998	23,776
Subtotal Building Homes and Communities Strategy (HRA sites)	23,131	10,940	(2,909)	-	-	(2,909)	28,267	69,016	49,046	12,010	158,339
Other HRA Capital Schemes											
Housing Development Project	95	3	-	-	-	-	95	-	-	-	95
Stanhope Joint Venture	432	9	-	-	-	-	432	3,522	11,603	12,373	27,930
Property Acquisition for Affordable Housing	242	-	-	-	-	-	242	-	-	-	242
New Homes for Refugees	-	-	-	19,455	-	19,455	19,455	-	-	-	19,455
Nourish Project (Good Growth Fund)	-	-	-	-	-	-	-	-	231	-	231
Subtotal Other HRA Capital Schemes	8,814	12	-	19,455	-	19,455	20,224	3,522	11,834	12,373	47,953
Total Expenditure	98,937	30,927	(8,575)	19,455	-	10,880	109,817	148,108	110,154	81,243	449,322

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

Economy Department- HRA Capital Programme								Current Year Programme				Future Years Budgets			
								Analysis of Movements (Q2 to Q3)							
Revised Budget 2023/24 (Q2)	2023/24 Actual spend to date	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2023/24 (Q3)		2024/25 Budget	2025/26 Budget	2026/27 Budget	Total Budget (All years)	2024/25 Budget	2025/26 Budget	2026/27 Budget	Total Budget (All years)
£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Financing Summary															
Specific/External or Other Financing															
Capital Grants from Central Government	174	-	-	1,062	1,855	2,917	3,091	2,593	-	-	5,684	2,593	-	-	5,684
Contributions from leaseholders	2,833	2,799	-	317	-	317	3,150	3,100	3,000	3,000	12,250	3,100	3,000	3,000	12,250
Grants and Contributions from Private Developers (includes S106)	2,404	5	-	-	(995)	(995)	1,409	2,299	7,803	8,075	19,586	2,299	7,803	8,075	19,586
Capital Grants and Contributions from GLA Bodies	2,349	-	-	8,400	(2,029)	6,371	8,720	300	-	-	9,020	300	-	-	9,020
RtB GLA Ringfence and Affordable Housing Grants	14,731	8,518	(2,545)	-	-	(2,545)	12,186	7,168	4,576	4,298	28,228	7,168	4,576	4,298	28,228
Sub-total - Specific or Other Financing	22,491	11,322	(2,545)	9,779	(1,169)	6,065	28,556	15,460	15,379	15,373	74,768	15,460	15,379	15,373	74,768
Mainstream Financing (Internal Council Resource)															
Capital Receipts (HRA)	2,971	3	-	-	-	-	2,971	9,574	6,881	42,265	61,691	9,574	6,881	42,265	61,691
1-4-1 capital receipts	650	356	-	-	-	-	650	1,909	1,929	-	4,488	1,909	1,929	-	4,488
Major Repairs Reserve (MRR) / Major Repairs Allowance	17,176	17,176	-	-	-	-	17,176	17,600	17,800	18,200	70,776	17,600	17,800	18,200	70,776
Capital Receipts (GF)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total - Mainstream Funding	20,797	17,535	-	-	-	-	20,797	29,083	26,610	60,465	136,955	29,083	26,610	60,465	136,955
Borrowing(HRA)	55,649	2,070	(6,030)	9,676	1,169	4,815	60,464	103,565	68,165	5,405	237,599	103,565	68,165	5,405	237,599
Total Capital Financing	98,937	30,927	(8,575)	19,455	-	10,880	109,817	148,108	110,154	81,243	449,322	148,108	110,154	81,243	449,322

The HRA capital programme is complex and requires significant engagement with tenants, detailed assessment of the stock condition, major procurement of contractors and strategic planning considerations. The programme has been re-aligned at Quarter 3 (including adjusting the overprogramming) to optimise delivery and will continue to be monitored during the rest of the financial year and future years to ensure that our overall objectives of building new homes and completing essential investment are delivered for tenants. All of HRA development schemes are still on schedule. £2.5m Hartop and Lannoy budget has been reprofiled to future years to reflect the latest project cash flow forecast. £19.5m budget with regards to New Homes for Refugees scheme funded from £9.5m GLA and DLUHC grants and £10m borrowing approved via LUD in July 2023.

Appendix 2 –General Fund Mainstream Capital Programme 2023-27 with proposed 2023/24 Q3 variations

	Revised Budget 2023/24 (Q2) £'000	Total Variations £'000	Revised Budget 2023/24 (Q3) £'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:							
Social Care Capital projects [ASC]	129	-	129	-	-	-	129
Invest to Save-Flexible Use of Capital Receipts [FIN]	739	-	739	3,597	-	-	4,336
Business Intelligence Infrastructure	176	-	176	-	-	-	176
Investment in Digital Infrastructure [RES]	827	-	827	-	-	-	827
WMC JV Exit Costs [ECD]	1,857	(1,857)	-	1,857	-	-	1,857
Camwath Road [ECD]	-	-	-	1,870	-	-	1,870
Hammersmith Bridge Strengthening [ENV]	4,900	3,239	8,139	4,688	-	-	12,827
Hammersmith Bridge Pre Restoration Works [ENV]	6,149	4,936	11,085	4,121	-	-	15,206
Green Investment Projects	-	-	-	5,000	-	-	5,000
Public CCTV [ENV]	1,097	-	1,097	1,102	1,139	-	3,338
Other Highways Capital Schemes [ENV]	(131)	-	(131)	131	-	-	-
North End Road - Good Growth Fund [ECD]	460	-	460	224	-	-	684
Foster carers' extension [CHS]	167	(142)	25	-	-	-	25
Leisure Centre Capital Investment [ENV]	220	(220)	-	220	-	-	220
Asset Purchase - SBHG Sheltered Housing [ECD]	5,440	-	5,440	-	-	-	5,440
Planned Maintenance/DDA Programme [ECD]	8,178	(3,680)	4,498	6,580	2,400	2,400	15,878
Waste Collection and Disposal Projects	4,854	(2,859)	1,995	3,381	-	-	5,376
Footways and Carriageways [ENV]	2,555	-	2,555	2,030	2,030	2,030	8,645
Column Replacement [ENV]	382	(60)	322	406	346	346	1,420
Parks Programme & Libraries [ENV]	169	7	176	-	-	-	176
Hammersmith Town Hall Refurbishment [ECD]	14,720	(10,173)	4,547	20,002	-	-	24,549
Community Schools Programme [ECD]	1,030	440	1,470	350	-	-	1,820
Education City Youth Zone [ECD]	3,500	-	3,500	-	-	-	3,500
Farm Lane/Mund Street [ECD]	-	-	-	1,119	973	360	2,452
Total Mainstream Programmes	57,418	(10,369)	47,049	56,678	6,888	5,136	115,751
Financing							
Capital Receipts	7,229	-	7,229	3,597	-	-	10,826
Increase/(Decrease) in Borrowing	50,189	(10,369)	39,820	53,081	6,888	5,136	104,925
Total Financing	57,418	(10,369)	47,049	56,678	6,888	5,136	115,751

Appendix 3 – VAT Partial Exemption

Partial exemption overview

In general, businesses cannot recover the VAT incurred on purchases made in connection with VAT exempt activities, for example, on capital expenditure on properties which are let or leased. However, under Section 33 of the VAT Act 1994, local authorities can recover VAT incurred in relation to VAT exempt activities, for example property transactions, if it forms “an insignificant proportion” of the total VAT incurred (input tax) in any year, taken to be 5% or less. Crucially, the de minimis limit is not an allowance; if the 5% threshold is exceeded then all exempt input tax is lost, not just the excess. A breach would likely cost the Council between £2.5-£3m per year whilst in breach.

LBHF Partial Exemption

The Council’s Partial Exemption position is currently being reviewed. When calculating the exempt input tax annually, the Council considers its revenue and capital activities separately. Revenue activities are more constant, their contribution to exempt input tax is projected at £3.3m (the impact on the threshold being the VAT incurred on this amount, i.e. £0.664m). Exempt input tax relating to capital activities is more volatile and each project must be considered and judged individually. The Council has several capital projects, both in progress and in the pipeline, which could have significant partial exemption implications and finance officers are working closely with colleagues working on these projects to ensure that these risks are identified and mitigated where possible.

VAT Policy

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

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

Appendix 4 – Self-financing schemes

Table 2 - Self-financing schemes and loans CFR movements 2023/24-2026/27 (Quarter 3 forecast)

	Revised Budget 2023/24 (Q2) £'000	Total Variations £'000	Revised Budget 2023/24 (Q3) £'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	20,200	-	20,200	-	-	-	20,200
Acquisition of commercial units (Civic Campus)	11,339	-	11,339	29,264	-	-	40,603
Commercial Units- Cinema Fit Out [ECD]	1,750	-	1,750	-	-	-	1,750
JV Partnership Loan (Civic Campus)	10,333	-	10,333	650	-	-	10,983
Total Mainstream Programmes	43,622	-	43,622	29,914	-	-	73,536
Financing							
Increase/(Decrease) in Borrowing	43,622	-	43,622	29,914	-	-	73,536
Total Financing	43,622	-	43,622	29,914	-	-	73,536

The current self-financing schemes include:

- £25m equity loan to the Civic Campus programme
- £10m development financing to WKSR LLP
- £63m investment in acquisition of Civic Campus commercial units
- £20.2m development financing to EdCity Office Ltd
- £1.75m Civic Campus Cinema Fit Out

Appendix 5 – Summary of Prudential Indicators

The Prudential Code requires local authorities to set up and monitor several prudential indicators to ensure that all their capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so the local authorities will consider their arrangements for the repayment of debt (including through MRP or loans fund repayments) and consideration of risk and the impact, and potential impact, on the authority's overall fiscal sustainability. Indicators for prudence are required to be set over a minimum three-year rolling period. They should also be set in line with a capital strategy and asset management plan that is sustainable over the longer term. Where statutorily ringfenced resources such as the HRA or police fund exist, the indicators of prudence should be set separately for these areas.

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 Strategic Director of Finance has confirmed that the PIs set out below are all expected to be complied with in 2023/24 and it is not envisaged at this stage that there will be any difficulty in achieving compliance with the suggested indicators for 2024/25.

	2022/23 Actual			2023/24 Forecast			2024/25 Forecast			2025/26 Forecast		
Prudential Indicator	GF	HRA	Total	GF	HRA	Total	GF	HRA	Total	GF	HRA	Total
Capital Expenditure	£74.3m	£65.8m	£140.1m	£122.4m	£109.8m	£232.2m	£115.6m	£148.1m	£263.7m	£9.5m	£110.2m	£119.7m
Capital Financing Requirement (CFR)	£202.9m	£300.6m	£503.5m	£272.1m	£362.8m	£634.9m	£317.8m	£466.6m	784.4m	£317.6m	£534.7m	£852.3m
Ratio of Financing Costs to Net Revenue Streams	3.02%	31.20%		2.96%	31.55%		2.82%	35.42%		2.80%	38.44%	
Ratio of Commercial/Service Investment Income to Net Revenue Stream	2.11%	3.60%		1.88%	3.48%		1.80%	0.07%		1.79%	3.34%	
Net Debt vs CFR			£236m underborrowed			£95m underborrowed			£95m underborrowed			£95m underborrowed
Authorised Limit for External Debt			£700m			£820m			£890m			£890m
Operational Debt Boundary			£640m			£760m			£830m			£830m
Limit on surplus funds invested for more than 364 days (non-specified investments)			£0m			£120m			£120m			£120m
Maturity structure of borrowing			Upper limit under 12 months:15% Lower limited 10 years and above:100%			Upper limit under 12 months:15% Lower limited 10 years and above:100%			Upper limit under 12 months:15% Lower limited 10 years and above:100%			Upper limit under 12 months:15% Lower limited 10 years and above:100%

London Borough of Hammersmith and Fulham

Report to: Cabinet

Date: 12/02/2024

Subject: Treasury Management Strategy Statement 2024/25

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

Report author: Sophie Green, Treasury Manager

Responsible Director: Sukvinder Kalsi, Strategic Director of Finance

SUMMARY

This report sets out the Council's proposed Treasury Management Strategy Statement and Annual Investment Strategy for 2024/25 and seeks authority for the Strategic Director of Finance to deliver the treasury management activities as set out in the report.

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

RECOMMENDATIONS

It is recommended that:

1. Approval be given to the future borrowing and investment strategies as outlined in this report.
 2. The Strategic 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 2024/25 in line with this report.
 3. In relation to the Council's overall borrowing for the financial year, to approve the Prudential Indicators as set out in this report and the revised Annual Investment Strategy set out in Appendix E.
-

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
<ul style="list-style-type: none"> Building shared prosperity 	Achieve best value for money in investment and borrowing decisions.
<ul style="list-style-type: none"> Being ruthlessly financially efficient 	Effective management of the Council's cashflow resources.

Financial Impact

This report is wholly of a financial nature.

Implications completed by: Phil Triggs, Director of Treasury and Pensions

Telephone: 0207 641 4136

Email: ptriggs@westminster.gov.uk

Verified by Sukvinder Kalsi, Director of Finance, 2 February 2024

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.

Implications completed by: Jade Monroe, Chief Solicitor Social Care, 19 January 2024

Telephone: 0208 753 2695

Email: jade.monroe@lbhf.gov.uk

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

- Treasury Management Strategy Statement 2023/24 (approved by Council February 2023)
 - 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 (2021 Edition)
 - CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2021 Edition)
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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 December 2023. CPI inflation forecasts were revised to 4.60% in 2023, 3.4% in 2024 and 2.20% in 2025.

5. The Bank of England made a majority decision on 14 December 2023 to keep Bank Rate at 5.25%. The Council's treasury management advisors, Link Asset Services, are currently forecasting the rate to remain at 5.25% until June 2024, before falling to 5.00% in September 2024 and 4.50% in December 2024.
6. The importance of external economic factors is also a key driver in external parties setting rates and also the availability of instruments in which to invest and borrow. Appendix D sets out the present views of our treasury consultant, Link Asset Services.
7. The remainder of this report comprises 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 2024/25 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 2024/25 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%.

Community Municipal Bonds

25. The treasury management strategy will also allow the use of community municipal investments, a bond like instrument, where funds can be raised from multiple investor sources, including individuals.

Future Prospects

26. 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.
27. 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

28. 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
29. 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."
30. 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.
31. 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

32. 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 2024/25 have remained at the same level compared with the 2023/24 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

	2023/24	2024/25	2025/26	2026/27
	Approved	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Authorised Limit for External:				
Borrowing and other long-term liabilities	700	850	920	920
Operational Boundary for:				
Borrowing	640	790	860	860
Other long-term liabilities	15	15	15	15
TOTAL	655	805	875	875

Maturity structure of borrowing

33. 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 2023/24.

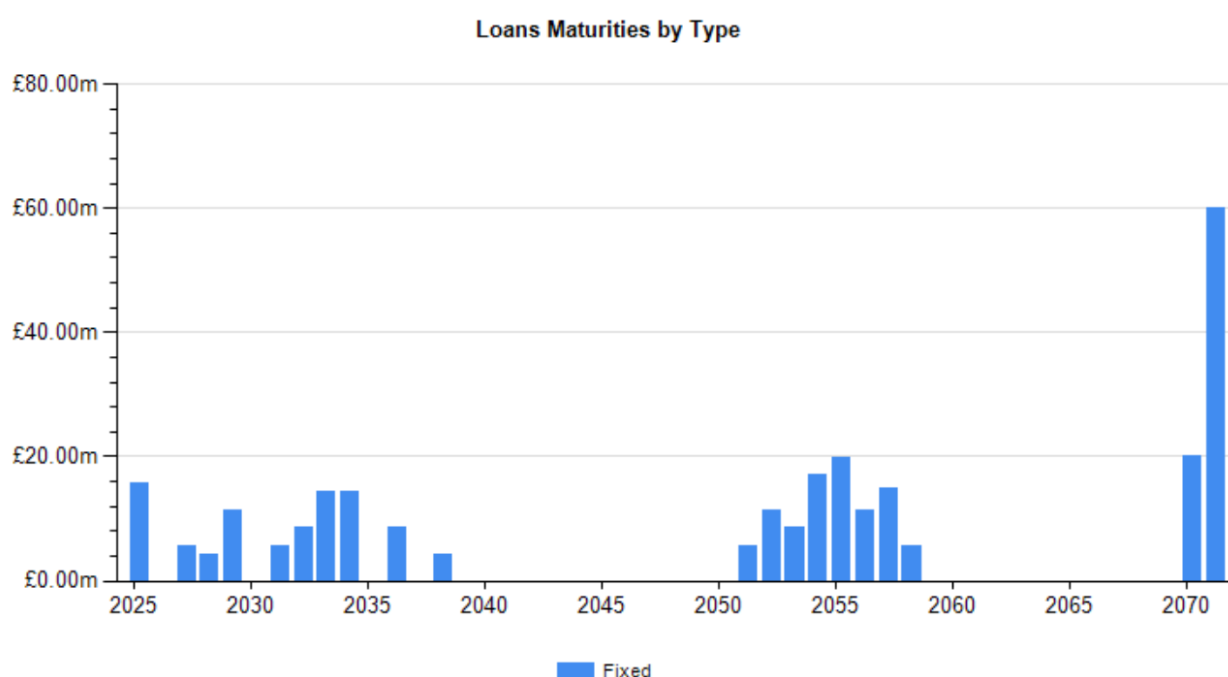
Table 2: Debt maturity profile limits

Period	Actual Maturity at 30 Sep 2023	Actual Maturity at 30 Sep 2023
	£'m	%
0 to 1 year	4	2
1 to 2 Years	11	4
2 to 5 Years	10	4
5 to 10 Years	40	15
10 to 20 Years	27	10
20 to 30 Years	37	14
30 to 40 Years	58	22
40 to 50 Years	80	30
Total	267	100

34. 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

35. The chart below shows that the principal repayment profile for current borrowing (as at 30 September 2023) remains within these limits.



Capital Financing Requirement (CFR)

36. 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.
37. 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.

2022/23 Actuals £m		2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
CFR as at 31 October					
203	General Fund Closing CFR (detail in Table 3b)	272	318	318	316
301	Closing Forecast HRA CFR (including deferred costs of disposal)	363	467	535	540
504	TOTAL	635	784	852	856
Annual Change					
50	General Fund	69	46	0	(2)
68	HRA	62	104	68	5
118	TOTAL	131	149	68	4

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

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

2022/23 Actuals £m		2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
134	General Fund CFR excluding self-financing schemes and loans	171	221	224	224
55	Self-financing schemes and loans	89	85	83	81
14	PFI and Finance lease liabilities	12	12	11	10
203	TOTAL	272	318	318	316

39. 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

2022/23 Actual £m		2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
272	Gross Projected Debt	494	468	378	339
504	Capital Financing Requirement	635	784	852	856
232	Under / (over) borrowing	141	317	474	517

Affordability

40. 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

2022/23 Actual %		2023/24 Forecast %	2024/25 Estimate %	2025/26 Estimate %
3.02	General Fund	2.96	2.82	2.80
31.20	HRA	31.55	35.42	38.44

Table 6: Ratio of commercial/service investment income to net revenue stream

2022/23 Actual %		2023/24 Forecast %	2024/25 Estimate %	2025/26 Estimate %
2.11	General Fund	1.88	1.8	1.79
3.6	HRA	3.48	3.41	3.34

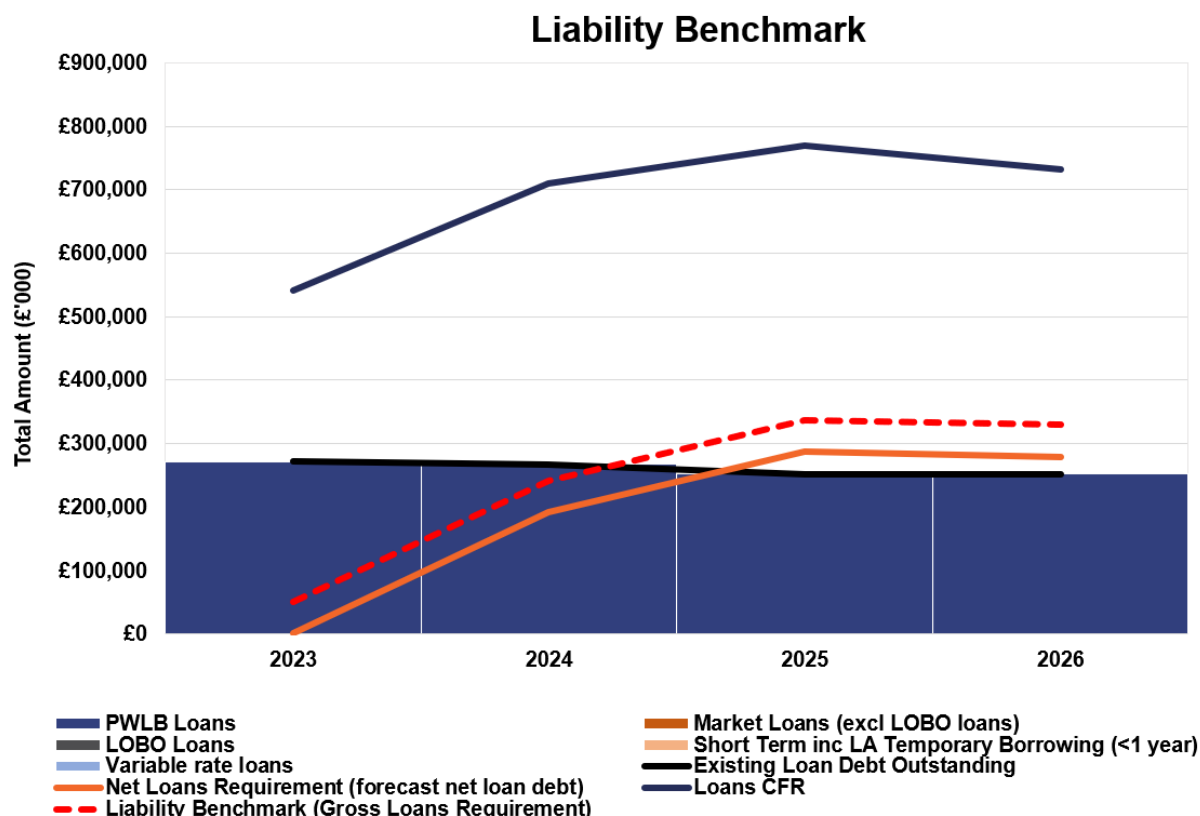
41. From 2024/25 onwards, gross capital financing charges (loan interest, MRP and finance and PFI payments) for the General Fund capital programme will start to increase as a proportion of the income from investments and the

commercial property portfolio, as new debts are raised to close the gap between funding and the CFR.

42. 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

43. 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.
44. 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.
45. The liability benchmark uses the above information to plan the future borrowing requirements of the Council.
46. Based on the current calculations, the liability benchmark forecasts that the Council would need to borrow £85m in 2024/25, and a further £89m in 2026/27 (collective £174m requirement).



Minimum Revenue Provision (MRP) Policy

47. 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.
48. 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

49. 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.

50. 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

51. 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.
52. 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.
53. 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.
54. Any rescheduling must be authorised by the Director of Finance in consultation with the lead Cabinet Member.

CAPITAL

Capital spending plans

55. 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 2024/25 to 2027/28 reported elsewhere on the Committee's agenda, both in terms of those agreed previously, and those forming part of the current budget cycle.
56. Any slippage against the capital programme, or new capital approvals, will impact the figures reported throughout this report.

Housing Revenue Account (HRA) borrowing

57. Local authorities with a HRA can borrow against their expected rental income, in line with the Prudential Code.

58. For the period 2024/28 to 2027/28, based on the planned four-year capital programme and due to reduced cash balances from the latter half of 2024/25 onwards, the HRA may need to actively consider new external borrowing.
59. 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

60. 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.
61. 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

62. Table 6 below shows that cash balances have decreased by £28m. The cash largely comprises the Council's usable reserves, capital receipts and unspent grants.

Table 7: Cash position at 30 September 2023

As at 31 March 2023		As at 30 September 2023	
Principal	Average Rate	Principal	Average Rate
£m	%	£m	%
Investments			
270	4.0	242	5.2
0	0.0	0	0.0
270	Total	242	
Borrowing			
272	3.8	267	3.7
272	Total	267	

63. 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

64. The Bank Rate remained at 5.25% after the December MPC meeting and is predicted to stay at this rate until June 2024, before starting to decline. The Council should therefore see investment returns remain at similar levels for 2024/25.
65. Money Market Funds (MMFs) and Debt Management Account Deposit Facility (DMADF) yields have increased since 1 April 2023 in response to Bank Rate rises.
66. The Table in Appendix C, provided by the treasury consultant, sets out the forecasted rates.

Council policy on investing and managing risk

67. 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

68. During the first half of 2023/24, there have been no new investments of surplus funds for more than 364 days. The 2024/25 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 8: Investment limits

2022/23		2023/24	2024/25	2025/26	2026/27
Actual		Forecast	Estimate	Estimate	Estimate
£m		£m	£m	£m	£m
0	Upper Limit for principal sums invested for more the 364 days	120	120	120	120

Annual Investment Strategy

69. The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves.
70. 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.
71. 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)

72. 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.
73. As the Council’s S151 officer, the Strategic Director of Finance has responsibility to ensure that appropriate prudential indicators are set and monitored and that any breaches are reported to members. The Strategic Director of Finance has confirmed that the PIs set out below are all expected to be complied with in 2023/24 and it is not envisaged at this stage that there will be any difficulty in achieving compliance with the suggested indicators for 2024/25.

	2023/24 indicator	2023/24 forecast	2024/25 proposed
Capital expenditure	£203m	£232m	£264m
Capital Financing Requirement (CFR)	£684m	£635m	£784m
Net debt vs CFR	£95m underborrowing	£141m underborrowing	£317m underborrowing
Ratio of financing costs to revenue stream	GF (2.39%) HRA 4.56%	GF 2.96% HRA 31.55%	GF 2.82% HRA 35.42%
Ratio of financing costs to revenue stream	GF N/A HRA N/A	GF 1.88% HRA 3.48%	GF 1.80% HRA 3.41%
Authorised limit for external debt	£650m	£267m	£850m
Operational debt boundary	£705m	£267m	£805m
Working capital balance	£0m	£0m	£0m
Limit on surplus funds invested for more than 364 days (i.e., non-specified investments)	£120m	£0m	£120m
Maturity structure of borrowing	Upper limit under 12 months - 15%	Upper limit under 12 months - 2%	Upper limit under 12 months - 15%

	Lower limit 10 years and above - 100%	Lower limit 10 years and above - 76%	Lower limit 10 years and above - 100%
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Reasons for Decision

74. This report represents the Council's Treasury Management Strategy Statement for 2024/2025. 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

75. 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

76. 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.
77. 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.
78. 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.
79. 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

80. 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.
81. 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

82. 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.
83. 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

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

List of Appendices:

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

THE TREASURY MANAGEMENT POLICY STATEMENT

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

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

This Council defines its Treasury Management activities as:

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

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

MEETING CIPFA REQUIREMENTS

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

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

Treasury Management Delegations and Responsibilities

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

Council

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

Cabinet

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

Audit Committee

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

Section 151 Officer

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

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

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

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

Director of Treasury and Pensions

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

Treasury team

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

Training

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

Monitoring and Reporting

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

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

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

requirements
of the
revised
code:

Area of Responsibility	Council / Committee / Officer	Frequency
Treasury Management Strategy	1. Political Cabinet 2. Cabinet 3. 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	Audit Committee	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. Political Cabinet 2. Cabinet 3. Audit Committee	Annually after year-end
Treasury Management Monitoring Reports	Director of Finance and Cabinet Member for Finance and Commercial Services	Weekly/Monthly

PROSPECTS FOR INTEREST RATES

1. The Council has appointed Link Group as its treasury advisor who, as part of their service, assist the Council to formulate a view on interest rates. Link provided the following forecasts on 07 November 2023. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View 07.11.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

2. Link's central forecast for interest rates was previously updated on 25 September and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. Link expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and that there is a likelihood of the overall economy enduring at least a mild recession over the coming months, although most recent GDP releases have surprised with their on-going robustness.
3. Naturally, timing on this matter will remain 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. 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 also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.
5. On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, most of those excess savings are held by more affluent households whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

6. Gilt yield curve movements have broadened since Link's last Newsflash. The short part of the curve has not moved far but the longer-end continues to

reflect inflation concerns. At the time of writing there is 60 basis points difference between the 5 and 50 year parts of the curve.

Balance of risks to the UK economy

7. The overall balance of risks to economic growth in the UK is to the downside.

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

8. 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, could keep gilt yields high for longer).
9. The Bank of England has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than currently anticipated.
10. 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.
11. Geopolitical risks, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

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

12. Despite the recent tightening to 5.25%, the Bank of England proves too timid in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
13. The pound weakens because of a lack of confidence in the UK Government's pre-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
14. Longer-term US treasury yields rise strongly if inflation remains more stubborn there than the market currently anticipates, consequently pulling gilt yields up higher.
15. Projected gilt issuance, inclusive of natural maturities and QT, could be too much for the markets to comfortably digest without higher yields compensating.

Link Group Forecasts

16. Link expect the MPC to keep Bank Rate at 5.25% for the remainder of 2023 and the first half of 2024 to combat on-going inflationary and wage pressures.

Link do not think that the MPC will increase Bank Rate above 5.25%, but it is possible.

Gilt yields and PWLB rates

17. The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of Link's forecasts, as inflation continues to fall into 2024.
18. Link's target borrowing rates are set two years forward (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below:

PWLB debt	Current borrowing rate as at 06.11.23 p.m.	Target borrowing rate now (end of Q3 2025)	Target borrowing rate previous (end of Q3 2025)
5 years	5.02%	3.80%	3.90%
10 years	5.15%	3.80%	3.80%
25 years	5.61%	4.20%	4.10%
50 years	5.38%	4.00%	3.90%

19. Borrowing advice: Link's long-term forecast for Bank Rate has increased from 2.75% to 3.00% and reflects Capital Economics' research that suggests AI and general improvements in productivity will be supportive of a higher neutral interest rate. As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates will be high for some time to come but may prove the best option while the market continues to wait for inflation gilt yields, to drop back later in 2024.
20. Link's suggested budgeted earnings rates for investments up to about three months' duration in each financial year are rounded to the nearest 10bps and set out below. Investment earnings have been revised somewhat higher for all years from 2025/26 as Bank Rate remains higher for longer.

Average earnings in each year	Now	Previously
2023/24 (residual)	5.30%	5.30%
2024/25	4.70%	4.70%
2025/26	3.20%	3.00%

2026/27	3.00%	2.80%
2027/28	3.25%	3.05%
Years 6 to 10	3.25%	3.05%
Years 10+	3.25%	3.05%

21. As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.
22. Link's interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Link continue to monitor events and will update forecasts as and when appropriate.

Source: Link Asset Services

ECONOMIC UPDATE

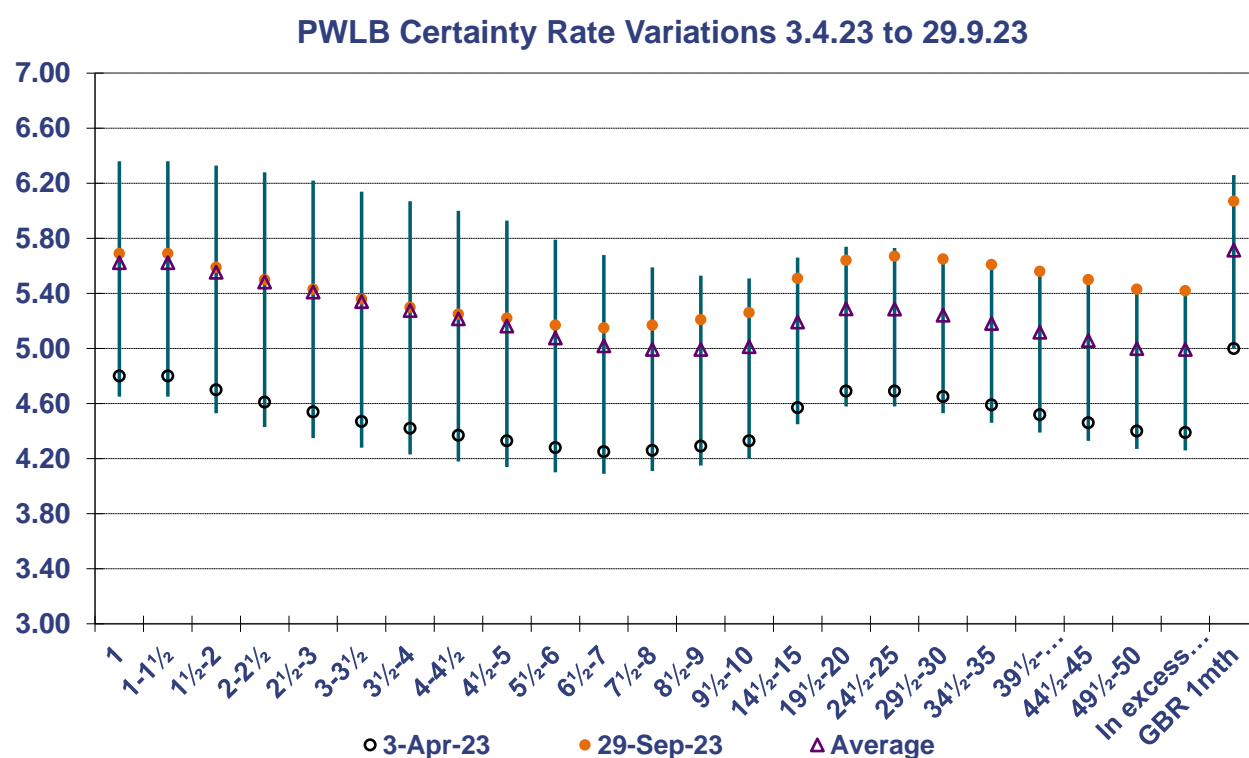
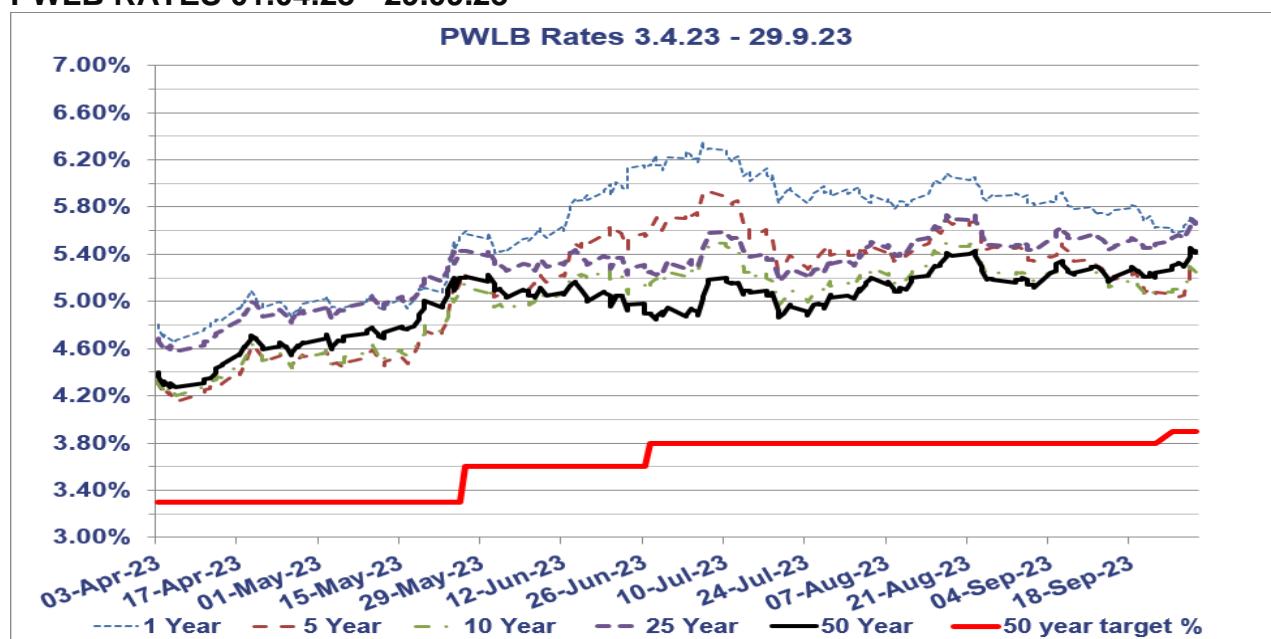
1. The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - CPI inflation falling from 8.7% in April to 6.7% in September, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.1% in September from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose by 7.8% for the period June to August, excluding bonuses).
2. The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
3. The fall in the composite Purchasing Managers Index from 48.6 in August to 46.7 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0% q/q rise in real GDP in the period July to September, being followed by a contraction in the next couple of quarters.
4. The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
5. As the growing drag from higher interest rates intensifies over the next six months, Link believe the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of- living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. Link expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

6. The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.
7. But the cooling in labour market conditions still has not fed through to an easing in wage growth. The headline 3mth rate rose 7.8% for the period June to August, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular annual average total pay growth for the private sector was 7.1% in June to August 2023, for the public sector this was 12.5% and is the highest total pay annual growth rate since comparable records began in 2001. However, this is affected by the NHS and civil service one-off non-consolidated payments made in June, July and August 2023. The Bank of England's prediction was for private sector wage growth to fall to 6.9% in September.
8. CPI inflation declined from 6.8% in July to 6.7% in August and September, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.1%. That reverses all the rise since March.
9. In its latest monetary policy meeting on 14 December, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.
10. Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. In terms of messaging, the Bank once again said that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures", citing the rise in global bond yields and the upside risks to inflation from "energy prices given events in the Middle East". So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be "sufficiently restrictive for sufficiently long" and that the "MPC's projections indicate that monetary policy is likely to need to be restrictive for an extended period of time". Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.
11. This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash

inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.

12. In the table below, the rise in gilt yields across the curve as a whole in 2023/24, and therein PWLB rates, is clear to see.

PWLB RATES 01.04.23 - 29.09.23



HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.23 – 29.09.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

13. The peak in medium to longer dated rates has generally arisen in August and September and has been primarily driven by continuing high UK inflation, concerns that gilt issuance may be too much for the market to absorb comfortably, and unfavourable movements in US Treasuries.
14. The S&P 500 and FTSE 100 have struggled to make much ground through 2023.

CENTRAL BANK CONCERNS

15. Currently, the Fed has pushed up US rates to a range of 5.25% to 5.5%, whilst the MPC followed by raising Bank Rate to 5.25%. EZ rates have also increased to 4% with further tightening a possibility.
16. Ultimately, however, from a UK perspective 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 (just as, conversely, greater tightening may also).

Source: Link Asset Services

ANNUAL INVESTMENT STRATEGY

1. The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves. During the first half of the current year, the Council's average investment balance has been around £245m. 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 remain at 5.25% until June 2024, before falling to 5.00% in September 2024 and 4.50% in December 2024.
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 (residual)	5.30%
2024/25	4.70%
2025/26	3.20%
2026/27	3.00%
2027/28	3.25%
Years 6 to 10	3.25%
Years 10+	3.25%

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 2024/25, the proposed limit of investments for over 364 days is £120m as set out in the TMSS.

Investment Policy

7. The Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to assess continually and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
8. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Creditworthiness Policy

9. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:
 - It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security; and
 - It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
10. The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those which determine which types of investment instrument are either specified or non-specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
11. The Council takes into account the following relevant matters when proposing counterparties:
 - the financial position and jurisdiction of the institution;
 - the market pricing of credit default swaps¹ for the institution;

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.

- 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.
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;

default, bankruptcy, etc.). The price of the CDS gives an indication to the market's view of likelihood: the higher the price the more likely the credit event.

² The Tier 1 capital ratio is the ratio of a bank's core equity capital to its total risk-weighted assets (RWA). Risk-weighted assets are the total of all assets held by the bank weighted by credit risk according to a formula determined by the Regulator (usually the country's central bank). Most central Banks follow the Basel Committee on Banking Supervision (BCBS) guidelines in setting formulae for asset risk weights.

The Core Tier 1 ratios for the four UK banks that the Council uses are: Barclays: 10.2%, HSBC: 11.2%, Lloyds: 12.0% and RBS: 10.8%.

- The requirement to 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.
15. All investments with local authorities will be subject to due diligence review of their accounts and financial health by the Director of Treasury and Pensions and agreed with the Director of Finance.
16. A non-specified investment is any investment that does not meet all the conditions above. In addition to the long-term investments listed in the table below, the following non-specified investments that the Council may make include:
- **Green Energy Bonds:** Investments in solar farms are a form of Green Energy Bonds that provide a secure enhanced yield. The investments are structured as unrated bonds and secured on the assets and contracts of solar and wind farms. Before proceeding with any such investment, internal and external due diligence will be undertaken in advance of investments covering the financial, planning and legal aspects.
 - **Loans:** The Council may consider advancing loans (as a form of investment) to organisations delivering services for the Council where this will lead to the enhancement of services to Council stakeholders. The Council will undertake due diligence checks to confirm the borrower's creditworthiness before any sums are advanced and will obtain appropriate levels of security or third party guarantees for loans advanced. The Council would expect a return commensurate with the type and duration of the loan. All loans would need to be in line with the Council's Scheme of Delegation and Key Decision thresholds levels.
 - **Shareholdings in limited companies and joint ventures:** The Council may invest in three forms of company:
 - Small scale businesses aimed at promoting economic growth in the area. Individual investments are no more than £0.5m and the aim is for these to be self-financing over the medium term. Any such loans will be subject to due diligence and the Council's Scheme of Delegation and Key Decision thresholds levels.
 - Trading vehicles which the Council has set up to undertake particular functions. Currently the Council has interests in the following companies: Lyric Theatre Hammersmith Ltd, Hammersmith and Fulham Urban Studies Centre, Hammersmith and Fulham Bridge Partnership, HFS Developments LLP, HFS Developments 2 LLP, LBHF Ventures Ltd, LBHF

Joint Ventures Ltd and LBHF Family Support Services Ltd. These are not held primarily as investments but to fulfil Council service objectives. Any new proposals will be subject to due diligence as part of the initial business case. As these are not to be held primarily as investment vehicles, then there is an expectation that they will break even.

- Trading vehicles held for a commercial purpose where the Council is obliged to undertake transactions via a company vehicle. These will be wholly owned subsidiaries of the Council with the aim of diversifying the investment portfolio risk.

17. For any such investments, specific proposals will be considered by the Director of Treasury and Pensions, and the Director of Finance in consultation with the Cabinet Member for Finance and Commercial Services and approvals to be in accordance with the Council's Constitution and governance processes, after taking into account:

- cash flow requirements
- investment period
- expected return
- the general outlook for short to medium term interest rates
- creditworthiness of the proposed investment counterparty
- other investment risks
- due diligence review

The value of non-specified investments will not exceed their investment allocation.

Country of Domicile

18. The current TMSS allows deposits / investments with financial entities domiciled in the countries listed at the foot of the schedule of investments table.

Schedule of investments

19. The current criteria for providing a pool of high quality short, medium and long-term, cash-based investment counterparties along with the time and monetary limits for institutions on the Council's counterparty list are in the table below.

20. The counterparties and specific limits have been reviewed and updated.

All investments listed below must be Sterling denominated

Investments	Minimum Credit Rating Required (Fitch/Moody's/S&P)	Maximum Individual Counterparty Investment Limit £m	Maximum tenure	Changes from the 2022/23 TMSS
DMO Deposits	Government Backed	Unlimited	6 months	No change
UK Government (Gilts/T-Bills/Repos)	Government Backed	Unlimited	Unlimited	No change
Supra-national Banks, European Agencies	LT: AA-/Aa3/AA-	£50m	5 years	Reduced from £100m
Covered Bonds	LT: AA+/Aa1/AA+	£50m	5 years	Reduced from £100m
Network Rail	Government guarantee	£200m maximum	Oct-52	No change
Collective Investment Scheme Investment Grade Bond Fund	Due diligence	£30m	Daily pricing	No change
GLA	N/A	GLA: £50M	3 years	Reduced from £100m
UK Local Authorities (LA)		LA: £30m per LA, per criteria £200m in aggregate	3 years	No change
Commercial Paper issued by UK and European Corporates	LT: AA-/Aa3/AA-ST: F1+/P-1/A-1+	£20m per name £80m in aggregate	1 year	No change
Money Market Funds (MMF)	LT: AAA by at least one of the main credit agencies	£45m per Fund Manager £300m in aggregate	3-day notice	No change
Enhanced Money Funds (EMF)	LT: AAA by at least one of the main credit agencies	£25m per fund manager, £100m in aggregate	Up to 7 day notice	No change

Investments	Minimum Credit Rating Required	Maximum Individual Counterparty Investment Limit	Maximum tenure	Changes from the 2022/23 TMSS
	Fitch/Moody's/S&P	£m		
UK Bank (Deposit/ Certificates of Deposit/ Short Dated Bonds)	LT: AA-/Aa3/AA- or UK Government Ownership greater than 25%	£70m	3-5 years	No change
	LT: A-/A3/A-	£50m	1-3 years	No change
	ST: F2/P-2/A-2	£50m	0-1 year	No change
Non-UK Bank (Deposit/Certificates of Deposit/Short Dated Bonds)	LT: AA-/Aa2/AA-	£50m	1-3 years	No change
	ST: F2/P-2/A-2	£30m	0-1 year	No change
Green Energy Bonds	Internal and External due diligence	Less than 25% of the total project investment or maximum of £20m per bond. £50m in aggregate	10 years	No change
Rated UK Building Societies	LT: A3/A-	£30m	3 years	No change
	ST: F2/P-2/A-2			
Sovereign approved list (AA- rated and above):	Australia, Belgium, Canada, Denmark, Finland, France, Germany, Netherlands, Norway, Singapore, Sweden, Switzerland, UK and USA			

UK T-Bills: UK Government Treasury Bills (T-Bills) are short term promissory notes issued by the UK Government at a discount to par, for tenors of up to one year.

UK Gilts: UK Government Gilts provide a greater yield than cash deposits with the DMO.

UK Government repurchase agreements (Repos): UK Government repurchase agreements are the purchase of UK Government securities with an agreement to resell them back at a higher price at a specific future date.

Commercial Paper (CP) is similar to a very short-term bond issue (up to one year), issued to investors on a discounted basis, and with the interest rate based on prevailing rates at the time of pricing.

Supra-national institutions are those that sovereign backed or supported institutions that span more than one country, such as the European Investment Bank, the European Bank of Reconstruction and Development, the World Bank, etc.

Network Rail: All Network Rail infrastructure debt is directly and explicitly backed by a financial indemnity from the Secretary of State for Transport acting for and on behalf of the government of the United Kingdom of Great Britain. The financial indemnity is a direct UK sovereign obligation of the crown and cannot be cancelled for any reason (prior to its termination date in October 2052). Propose to change TMSS limit to £200m and set the maximum maturity to Oct 2052.

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

CREDIT RATINGS

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

RISK REGISTER

Risk Group	Risk Ref.	Risk Description	Impact			Likelihood	Current risk score	Mitigation actions
			Financial	Reputation	Total			
Financial	1	Interest Rate Risk: the risk that rises in interest rates create an unexpected burden on the organisation's finances, against which the organisation has failed to protect itself adequately.	2	1	3	4	12	The Council will continue to invest and borrow in accordance with the TMSS. Borrowing conversations will be set by "trigger points", enacted when gilt yields reach a certain long term levels, where discussions with the Council's S151 officer, T&P Director and the Cabinet Member will take place to discuss potential actions.
Financial	2	Prudent Investment Strategy: the overall treasury management strategy is too prudent and unnecessarily stringent, resulting in investment returns being lower than might have been achieved with a more risky, but ultimately safe, approach.	3	2	5	2	10	The TMSS, outturn reports and mid-year reports are scrutinised on a regular basis by the Audit Committee with actions minuted and implemented.
Financial	3	Credit and counterparty risk: the risk of failure by a counterparty to meet its contractual investment or borrowing obligations to the organisation, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or	3	4	7	1	7	As part of the TMSS, counterparty criteria have been set at a level to allow only the most financially secure banks and counterparties a place within the lending list, which is regularly monitored against consultant updates and advice provided by the Council's Treasury advisor.
Financial	4	Further Covid-19 variants: the risk of further investment market uncertainty and investor panic, leading to unexpected volatility in gilt yields and interest rates.	2	3	5	3	15	Recent forecasts from the Council's Treasury consultant predict that the Bank Rate will remain at 5.25% until June 24 and then steadily decline. In regards to borrowing, rates will start to decline earlier from March 2024.
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.
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.
Tolerate	Do nothing because the cost outweighs the benefits and/or an element of the risk is outside our control.

Agenda Item 10

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 12/02/2024

Subject: Insurance Tender 2024-2029

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

Report author: Beverly Mills, Assistant Head of Insurance

Responsible Director: David Hughes, Director of Audit, Fraud, Risk and Insurance

SUMMARY

This report sets out the proposed contract awards for sovereign insurance contracts for Combined Liability, Directors' & Officers' Liability, Terrorism, Motor, Crime, Personal Accident & Travel, School Journey and Engineering Inspection for contract commencement dates of 1st April 2024.

The tender strategy approved by Cabinet in July 2023 entailed a detailed joint procurement process of this Council with Westminster City Council and the Royal Borough of Kensington & Chelsea Council in conjunction with the Council's retained insurance advisors and with engagement with the procurement function. This ensured the Council's requirements were fully incorporated, ensuring that each of the three councils involved were priced according to their own risk profile but could benefit from bulk discounts sought from tenderers and efficiencies arising from sharing operational arrangements provided by the shared Insurance service.

The Council is committed to protecting the safety and wellbeing of its residents, in line with the Council's vision to ensure it obtains best value for residents by being ruthlessly financially efficient. The over-arching aim of these tenders was to put in place appropriate insurance cover for the Council and its residents, achieve financial efficiencies in the process of arranging the cover and to carry out appropriate section 20 consultation and liaison with the Council's leaseholders to ensure they are appropriately insured and recharged.

RECOMMENDATIONS

1. To note that Appendices 2 & 3 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve the contract awards set out in paragraph 38 of the report.
3. To approve an increase to the self-insurance fund deductible limit for Combined Liability (Lot 2) from £100,000 to £350,000. The financial rationale is detailed in the report at paragraph 11 and Appendix 2.

4. To note that in summary however, the annual premium of the bid is reduced by £164K with an anticipated increase in the self-funding provision of circa £75K and therefore net additional saving on bid of £90K noting that given variances in claims experience year on year this needs to be considered over the contract period.
5. To note that Lots 1 (Property Insurance) and Lot 9 (Residential Leasehold Buildings insurance) are not to be awarded at this time and as detailed on the report are subject to a further tender process as detailed in this report at paragraphs 32 to 36.
6. To approve a delegated authority to the Strategic Director of Finance in conjunction with the Cabinet Member for Finance and Reform to subsequently approve the award of Lots 1 and 9, noting they need to be in place prior to 1st April 2024.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	By providing financial protection of the Council and leaseholders assets and liabilities
Creating a compassionate council	For residential leasehold buildings insurance, the lease arrangement requires the Council as Freeholder to cover the reinstatement value of the leaseholder's asset
Doing things with local residents, not to them	To secure a competitive quotation for all the Council's insurance contracts, with the broadest cover available to ensure the widest protection is in place
Being ruthlessly financially efficient	Procurement of insurance cover mitigates the risk of financial exposure to the Council in the event of an insured peril and also protects the provision of front line services as well as the ability to recover the cost of residential leasehold building premiums
Taking pride in H&F	Insurance provides financial protection in the event of an insured peril causing damage to a property
Rising to the challenge of the climate and ecological emergency	Insurance provides protection of property for insured perils including weather related events of storm and flood

Financial Impact

The approval of the insurance contract awards will ensure that the Council has appropriately insured against potential risks relating to Residential Leaseholder Buildings, Property, Combined Liability, Directors' & Officers' Liability, Motor, Crime, Personal Accident & Travel, School Transport and Engineering Inspections.

The estimated cost of these insurances was £0.86m in 2023/24 and this will reduce by £0.18m (or almost 19%) for 2024/25. The funding for 2024/25 is included in the Council's approved General Fund and HRA Budgets (subject to approval in February 2024).

The Council also retains an insurance reserve for supplementary unknown and unquantifiable risks.

Sukvinder Kalsi, Strategic Director of Finance 22nd December 2023.

Legal Implications

This report concerns a tender process for the Council's insurance cover and one contract for engineering inspections. It makes recommendations for award of insurance contracts (Lots 2 – 8 and Lot 10) pursuant to the Strategy report presented to Cabinet in July 2023. Lots 1 and 9 will be awarded following a subsequent further procurement using a procedure which is to be decided in a separate procurement strategy report to Cabinet. A Waiver of a number of the LBHF standard requirements under Contract Standing Orders were granted to permit the tendering by the Royal Borough of Kensington & Chelsea, lead authority for the shared service for Insurance, Audit and Risk.

It is understood from the description in the report that a compliant tender process, in line with the Public Contract Regulations 2015, was used, specifically in the form of a competitive procedure with negotiation and using published award criteria.

The value of the individual awards (all of which are below 5m) would normally require only Cabinet Member approval under the Council's Contract Standing Orders but in this instance the decision is being made by the Cabinet itself given the cumulative value of these very similar contracts as noted in the Strategy report,

The decision-maker needs to be satisfied that the recommended decision will see the award of contracts being made to the companies submitting the most economically advantageous tenders on the basis of the published award criteria.

The Strategy report also approved a waiver of the standard requirement in CSOs for contracts of this value to have a formal written contract put in place by Legal Services and executed by deed. This will enable contracts to be brought into existence by the insurer issuing the policy documents, which is the standard mechanism for insurance contracts.

The decision is a Key Decision (see Article 12 of the Constitution) and the report must be submitted to Committee Services for publication on the Council's website.

Implications completed by: Angela Hogan, Chief Solicitor (Contracts and Procurement) 15th December 2023.

Background Papers Used in Preparing This Report

Insurance Tender Strategy Report for 2024- 2029 – PUBLISHED
[Procurement Strategy Report Template \(lbhf.gov.uk\)](https://lbhf.gov.uk/procurement-strategy-report-template)

DETAILED ANALYSIS

Proposals and Analysis of Options

Reasons for Decision

1. The contracts for insurance in respect of Property, Combined Liability, Motor, Directors & Officers, Engineering Inspection expire after a five-year term on 31 March 2024. A re-tendering of these contracts has taken place and was open to all qualifying bidders as is required under the Public Contract Regulations 2015
2. The contracts for Terrorism, Personal Accident, & Travel, School Journey, Crime expired 31 March 2022 and were extended by waiver for a period of two years to coincide with the tender process for the Council's main insurance programme.
3. Residential leasehold buildings insurance was last procured in 2019 on a five-year contract award basis. However, the insurer Avid, withdrew from the market in early 2023. The market for leasehold buildings had already reduced significantly due to the exit of Ocaso and Zurich in 2022, leaving Protector Insurance as the only provider offering a quotation to LBHF. Insurance was therefore placed with Protector effective from 01 April 2023 for a period of 12 months. Leaseholders were notified of this change in advance of invoices for 2023/24 being issued and were told that the Council would be undertaking a competitive procurement for this cover from 1 April 2024.
4. In view of the potential for catastrophic financial loss to Council budgets arising from damage to assets or the need to meet compensation awards for injury to the public or employees it is prudent to cap the financial exposure from any one event or occurrence by transferring some of this financial risk through the purchase of insurance from suitably regulated and qualifying providers.
5. The Council's insurance operations are discharged via a shared Insurance Service hosted by Royal Borough of Kensington and Chelsea which also includes the City of Westminster. The service delivery is fully integrated with employees delivering service response to all three councils based on specialisation.
6. It is a requirement of the Public Contract Regulations 2015 that these insurance contracts are subject to competitive procurement and as established above, the non-purchase of insurance coverage would result in uncapped financial

exposures for the Council and for which the potential value of losses could exceed reserves. Prudence would therefore dictate purchase of insurance and for some covers is a statutory requirement.

Market Analysis

7. The market is traditionally limited for public sector risks in each category of risk. Property and Liability limited to two or three markets, Residential Leasehold one, possibly two markets currently. The lower value contracts of Crime, School Journey & Personal Accident are very difficult to place in isolation of the main insurance portfolio. Directors & Officers, Terrorism and Engineering inspection are also limited to two or three providers able to quote for local authority risks.
8. The set up of a captive insurance company rather than placement via the current provider market was also explored to consider if this could provide an alternative solution for certain lots. The initial feasibility report did not recommend this as a suitable option for the Property & Leasehold Buildings contracts and it is considered too expensive to pursue for the Liability risk. This is due to both the high set up costs involved and the ongoing financial obligations which would need to be met by the Council on long tail liability claims such as asbestos exposure for an indefinite period of time. Public and Employers Liability insurance is written on a Claims Occurring basis of cover, which means cover is in place for an insured event regardless of when a claim is reported, which in the case of claims such as allegations of abuse could be many years in the future and therefore does not allow for financial certainty.

Tender process

9. As the host borough, the process has been subject to RBKC procurement methods and oversight although this will include discharge of responsibilities under 2012 Public Services (Social Value) Act, as required under the Council's CSOs.
10. The Quality Award Criteria is based on the technical specification, the technical specification for both policy coverage and claims handling requirements. The evaluation criteria are as below. Tenders were invited on the basis that insurance contracts and the engineering inspection would be awarded to the tenderers submitting the most economically advantageous tender using the criteria above. The tender was run through the CapitalESourcing portal. The competitive procedure with negotiation was used. After close of tenders, officers from the Insurance Service, with technical advice where needed from the Council's insurance advisers, evaluated the tenders received.

Lot type	Price	Policy Coverage	Claims provision / service	Added Value	Social Value
Leasehold	60%	10%	10%	10%	10%
Property	50%	20%	15%	5%	10%
Terrorism	60%	10%	10%	10%	10%
Liability	50%	15%	20%	5%	10%
Directors	60%	20%	5%	5%	10%

and Officers					
Crime / FG	60%	20%	5%	5%	10%
PA / Travel	60%	20%	5%	5%	10%
School Journey	60%	20%	5%	5%	10%
Motor	50%	15%	20%	5%	10%
Engineering Inspection	40%	50%	N/A	N/A	10%

Results of tender process

Lot 2 - Combined Liability

11. The Combined Liability policy provides cover for the Councils liabilities under one policy, and includes Public, Products & Employers Liabilities, Professional & Officials indemnity & Libel & Slander. The policy provides financial protection for legal costs and compensation where the Council is found to have been negligent. By transferring the risk to an insurance company, the Council is provided with a higher degree of financial certainty. Additionally, it is a statutory legal requirement for employers to hold Employers 'Liability insurance under the Employers' Liability (Compulsory Insurance) Act 1969.
12. Public Liability covers the Council for third party death, injury or property damage, where the Council is proved to be negligent, for example a trip or slip on a pavement, and also covers pollution, corporate manslaughter, Data Protection, abuse. Employers Liability covers the costs of employee claims for illness or injury caused by their work due to the Employers (the Council) negligence.
13. Professional Indemnity provides protection against claims for financial loss made by third parties as a result of a negligent service or advice the Council provided. Officials Indemnity provides similar cover for employees whilst carrying out statutory duties including elections.
14. Having completed the tender evaluation process (please see Appendix 3), the proposal is to award the Combined Liability insurance contract to insurer B. The quote is £286,184.48 per annum, including 12% Insurance Premium Tax. The premium is £7,491.87 lower than the 2023/24 premium. However, increasing the deductible from £100,000 to £350,000 will result in the internal re-charge contribution increasing by circa £71,266, as based on the calculations in the table below (£164,867.36 - £93,600.52). The combined insurer premium and self-contribution cost represent an annual reduction of 11%, and a potential saving of circa £44,210 over the next five years.
15. Whilst not the subject of this report the total cost of insurance is a combination of self-fund contribution and external risk transfer to insurers via an insurance premium. The external premiums subject to this tender are detailed in paragraph 25.

16. The bidder provided quotations with various levels of deductible, which were evaluated against claims data from the last 6 years, with average cost savings detailed as below. The claims costs have been adjusted to include inflation and the new fixed cost regime applicable to the claims.
17. Additionally, Bidder B offered an indemnity limit of £50m. Currently the limit is £25m, with the excess layer of £25m purchased separately. The Excess layer policy premium for 2024/25 are not yet available however, the premium for 2023/24 was £107,985.92 inclusive of 12% IPT, which represents a further estimated saving of £539,929 over five years in terms of the bid cost in comparison with others.

LBHF	£250k deductible	£350k deductible
Average:		
2017	£103,715.64	£150,574.20
2018	£20,605.82	£67,464.38
2019	-£97,896.08	-£151,037.52
2020	£118,008.80	£164,867.36
2021	£118,008.80	£164,867.36
2022	£118,008.80	£164,867.36
Total savings over 6 years	£380,451.78	£561,603.14
Average Saving	£63,408.63	£93,600.52

The table above has been provided to show the net saving between the increased expenditure from self-insurance reserves to meet payments on claims up to the proposed reserves against the premium savings from accepting the increased deductible.

Lot 2 - Combined Liability						
Bidder	Price	Policy Coverage	Claims Handling	Added Value	Social Value	Total
A	13.6 %	10.09%	13.5%	1.38%	4%	42.57%
B	50.00%	14.34%	12.00%	1.70%	7%	85.04%
D	18.1%	12.66%	11.00%	1.24%	8%	51.00%

Lot 3 - Terrorism

18. Terrorism insurance provides cover for the loss or damage of the Council's property & assets - Corporate buildings & structures, Commercial properties, Housing, and Schools – caused by acts of terrorism and sabotage. Cover is also required under the residential property lease agreements in place. Terrorism cover is excluded from the general Property policies (Lots 1 & 9) and therefore in the event of a terrorist attack if cover was not placed any losses would need to be met by the Council.
19. Having completed the tender evaluation process, the proposal is to award the Terrorism insurance contract to Bidder H. The quote is £135,715.32 per annum,

including 12% Insurance Premium Tax. This total figure is £102,224.79 lower than the 2023/24 premium, representing an annual reduction of 42.96% and a potential saving of circa £511,123.95 over the next five years.

Lot 3 - Terrorism						
Bidder	Price	Policy Coverage	Claims Handling	Added Value	Social Value	Total
D	17.80%	8.54%	10%	5.80%	8.0%	50.14%
G	36.90%	8.59%	10%	7.20%	3.5%	66.19%
H	60.00%	9.23%	10%	7.20%	4.0%	90.43%

Lot 4 – Directors & Officers Liability

20. Directors & Officers insurance provides protection for directors and key managers/officers acting on behalf of an organisation. The cover offers protection the officer is sued as an individual for alleged wrongful acts such as negligence, errors & breach of duty. The cost of compensation and the legal costs of defending the allegation are covered by the policy. Without the cover the directors' personal assets would be put at risk in order to pay for the claim costs.
21. Having completed the tender evaluation process, the proposal is to award the Directors & Officers Liability insurance contract to bidder H. The quote is £92,881.60 per annum, including 12% Insurance Premium Tax. This total figure is the same as the expiring premium for the 2023/24 premium.

Lot 4 - Directors & Officers Liability						
Bidder	Price	Policy Coverage	Claims Handling	Added Value	Social Value	Total
H	60%	19.46%	5%	0.55%	4%	89.01%

Lot 5 - Crime

22. Crime insurance covers financial losses as a result of theft or fraud committed by employees and in some circumstances by third parties and provides compensation for the amount of money misappropriated.
23. Having completed the tender evaluation process, the proposal is to award the Crime insurance contract to Bidder B. Two bids were received and whilst Bidder B is not the lowest price, Bidder D advised their bid is not valid in isolation of either Lot 2 or Lot 8, neither of which were awarded to the bidder. The quote is £47,040.00 per annum, including 12% Insurance Premium Tax. This total figure is £4,083.52 higher than the 2023/24 premium, representing an annual increase of 9.5% and a potential additional spend of circa £20,417.60 over the next five years.

Lot 5 - Crime						
Bidder	Price	Policy Coverage	Claims Handling	Added Value	Social Value	Total
B	54.7%	17.83%	4.17%	1.30%	7%	85.0%
D*	60.0%	19.79%	5.00%	0.51%	8%	93.3%

*Will not accept lot in isolation of Lot 2 or 8

Lot 6 – Personal Accident/Travel

24. The policy provides financial protection for accidental injury, including loss of limbs or death resulting from an incident whilst carrying out duties for the Council. Cover is provided for all employees, volunteers, Council Members & School Governors. A lump sum or weekly benefit is paid out under the policy in the event of a claim. Additionality Business Travel cover is included for all employees and Members, cover includes medical expenses, legal expenses, cancellation/ curtailment and repatriation expenses.
25. Having completed the tender evaluation process, the proposal is to award the PA/Travel insurance contract to Bidder D. The lowest price bid was received from Bidder C however, the bid included a caveat that the Lot could not be placed in isolation of Lot 7, which is proposed to be awarded to a different bidder. The quote is £17,349.24 per annum, including 12% Insurance Premium Tax. This total figure is £68.76 higher than the 2023/24 premium, representing an annual increase of 0.39% and a potential additional spend of circa £343.80 over the next five years.

Lot 6 – PA/Travel						
Bidder	Price	Policy Coverage	Claims Handling	Added Value	Social Value	Total
B	22.1%	11.89%	4.80%	2.20%	7%	47.99%
C*	60.00%	19.67%	5.00%	3.40%	5%	93.07%
D	51.3%	17.44%	5.00%	4.50%	8%	86,24%

*Will not accept lot in isolation of lot 7

Lot 7 – School Journey

26. School Journey cover is designed for educational trips and journeys provided by schools. It provides financial protection should something unexpected happen whilst on a trip. Cover is included for all pupils, school employees and volunteers and includes Medical & Legal Expenses, 24/7 Emergency Assistance, Accidental death or bodily injury, and Personal Accident benefits. Death & bodily injury benefits are paid as a lump sum.
27. Having completed the tender evaluation process, the proposal is to award the School Journey insurance contract to Bidder B. The lowest price bid was received from Bidder D however, the bid included a caveat that the Lot could not be placed in isolation of Lot 6, which is proposed to be awarded to a different bidder. The quote is £8,512.00 per annum, including 12% Insurance Premium Tax. This total figure is £3,943.52 higher than the 2023/24 premium, representing an annual increase of 86.32% and a potential additional spend of circa £19,717.60 over the next five years.

Lot 7 – School Journey						
Bidder	Price	Policy Coverage	Claims Handling	Added Value	Social Value	Total
B	30.7%	10.14%	4.9%	3.0%	7%	55.70%
C*	30.6%	9.73%	5.0%	2.3%	5%	52.60%
D	60.0%	18.92%	5.0%	4.8%	8%	96.72%

*Will not accept lot in isolation of Lot 6

Lot 8 – Motor Fleet

28. The Motor Fleet policy covers all the Councils vehicles under a single policy. It protects the Council from compensation claims from third parties as a result of a motor accident causing property damage or personal injury. It is a legal requirement to hold third party motor insurance.
29. Having completed the tender evaluation process, the proposal is to award the Motor Fleet insurance contract to Bidder B. The quote is £40,847.02 per annum, including 12% Insurance Premium Tax. This total figure is £8,046.57 higher than the 2023/24 premium, representing an annual increase of 24.8% and a potential additional spend of circa £40,232.85 over the next five years.

Lot 8 – Motor Fleet						
Bidder	Price	Policy Coverage	Claims Handling	Added Value	Social Value	Total
A	11.8%	14.74%	14%	3.20%	4%	47.7%
B	50%	14.29%	14%	3.20%	7%	88.49%
C	20.8%	12.88%	18.50%	2.60%	5%	59.8%
D	49.2%	12.97%	12%	1.70%	8%	83.8%

Lot 10 – Engineering Inspection

30. An Engineering Inspection service is essential for owners and duty holders to help ensure the safety of plant and equipment owned or operated by the Council. The service provides periodic inspection of items of plant, including lifts and boilers, in order to comply with statutory and regulatory requirements under Health & Safety legislation. Faults or defects are identified and remedied to ensure the equipment is safe to use. Failure to carry out the inspections is a criminal offence which could lead to prosecution by Health & Safety Executive.
31. Having completed the tender evaluation process, the proposal is to award the Engineering Inspection contract to Bidder B. The quote is £114,619.29 per annum excluding VAT. This total figure is £21,144.55 higher than the 2023/24 premium, representing an annual increase of 22.62% and a potential additional spend of circa £105,722.75 over the next five years.

Lot 10 – Engineering Inspection				
Bidder	Price	Assessment of Inspection Service	Social Value	Total
B	39.2%	41.67%	7%	87.9%
E	40%	40.83%	5.5%	86.33%

F	24.7%	43.33%	6%	74.03%
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Lots 1 (Property) and 9 (Residential Leasehold Buildings)

32. Property insurance (Lot 1) provides coverage for the Council's properties and assets including Corporate buildings and structures, Commercial properties, Housing, and Schools. It covers the cost of repairing, rebuilding or replacing the property following damage by fire, flood, escape of water, impact, theft, lightning, earthquake, malicious damage and accidental damage. Without insurance such repairs/replacement costs would need to be funded by the Council.
33. Residential Leasehold (Lot 9) insurance provides buildings cover for the leasehold properties. The policy covers the cost of repairing, rebuilding or replacing the building following damage by fire, flood, escape of water, impact, theft, lightning, earthquake, subsidence, malicious damage, accidental damage and alternative accommodation. Under the terms of the lease arrangement the Council, as freeholder is required to arrange cover for the reinstatement value of the leaseholder's asset.
34. In respect of Lots 1 (Property) and Lot 9 (Residential Leasehold Buildings), just one bid was received for each lot, with a significant increase on the current premium together with subjectivities to provide extensive data for each property prior to the 1 April 2024. In view of this an exercise has been undertaken to gather even more information on all buildings and a further tender is being undertaken from Mid-January 2024 with a view to eliciting additional bids and to demonstrate that exhaustive processes has taken place given both our obligations to leaseholders and the Public Purse. The results and analysis of this tender process are unlikely to be available until late February / early March 2024. As a result, this report seeks approval to delegate the contract awards for Lots 1 and 9 to the Strategic Director of Finance, in conjunction with the Cabinet Member for Finance and Reform. This will enable contracts to be put in place by 1st April 2024. A report in a similar format to this will however support the decision process. The available market for placement of local authority insurance is traditionally limited, particularly for Residential Leasehold Buildings insurance which is explained under paragraph 3 of this report. However, the feedback from insurers who declined to bid on Lots 1 & 9 confirmed the most significant factors being insufficient detailed information regarding construction materials, insulation, cladding information including remedies & timescale for remedial action.
35. These insurers explained they would require far more detailed construction and risk information than previously provided to meet their underwriting acceptance criteria to allow them to quote.
36. Work is now underway with the various Property teams to gather the requested data to enable us to be in a position to re-procure the Property and Residential Leasehold lots early 2024. Provision was made within the original ITT to allow for the right to not award any or all of the lots. We are hopeful of securing at least one further bid and the re-tender would also allow us to consider alternative solutions such as the Lloyds insurance market. Additionally, insurers

will have secured their annual re-insurance terms by this point which removes some of the uncertainty of their rating structure for placement of risks.

37. The tenders in respect of lots 2-8 and 10 have delivered a saving of £180,415.66 per annum against 2023/24 external premium spend, which is 19.54% saving, and equates to a projected saving of £902,078.30 over the next five years. In terms of total cost of risk (external and internal self-funding) in view of the need to increase internal funding by £356,330 over the same period the net saving is £545,748.

Contract	Premium 2023/24	Premium 2024/25	% Comparison	Annual difference from 2023/24
Lot 1 Property	N/A	N/A	N/A	N/A
Lot 2 Combined Liability including cost of £25/£25M Excess layer	£401,662.27 (£293,676.35 + £107,985.92)	£286,184.48	-28.75%	-£115,477.79
Lot 3 Terrorism	£237,940.11	£135,715.32	-42.96%	- £102,224.79
Lot 4 Director & Officers Liability	£92,881.60	£92,881.60	nil	nil
Lot 5 Crime	£42,956.48	£47,040.00	9.5%	£4,083.52
Lot 6 PA and Travel	£17,280.48	£17,349.24	0.39%	£68.76
Lot 7 School Journey	£4,568.48	£8,512.00	86.32%	£3,943.52
Lot 8 Motor Fleet	£32,440.45	£40,487.02	24.8%	£8,046.57
Lot 9- Residential leasehold	N/A	N/A	N/A	N/A
Lot 10 Engineering Inspection	£93,474.74	£114,619.29	22.62%	£21,144.55
Total	£923,204.61	£742,788.95	-19.54%	- £180,415.66

38. Contract for Lots 2-8 & 10 to be awarded on the following basis:

Contract	Insurer	Year 1 Premium	Estimated five years premium	Contract Period
Lot 2 Combined Liability	Zurich Municipal	£286,184.48	£1,430,922.40	5 years
Lot 3 Terrorism	Lloyd's market via Marsh Ltd	£135,715.32	£678,576.60	5 years
Lot 4 Director	Lloyd's market	£92,881.60	£464,408.00	5 years

& Officers Liability	via Marsh Ltd			
Lot 5 Crime	Zurich Municipal	£47,040.00	£235,200.00	5 years
Lot 6 PA and Travel	Maven Public Sector	£17,349.24	£86,746.20	5 years
Lot 7 School Journey	Zurich Municipal	£8,512.00	£42,560.00	5 years
Lot 8 Motor Fleet	Zurich Municipal	£40,487.02	£202,435.10	5 years
Lot 10 Engineering Inspection	Zurich Municipal	£114,619.29	£573,069.45	5 years

Equality Implications

39. No negative impact. Having insurance in place will provide a positive impact for all residents, staff and leaseholders including leaseholders with protected characteristics as the policy provides financial protection of their assets in the event of an insured clam including fire, storm damages and escape of water. In compliance with Section 149 of the Equalities Act 2010, the Council has given due regard to the requirements of the Public Sector Equality Duty. It is not anticipated that the re-procurement of these insurance contracts will have any negative impacts on any groups with protected characteristics, under the terms of the Equalities Act 2010.

The completed Equality Impact Assessment is attached Appendix 1.

Risk Management Implications

40. Insurance is a method of transferring risk from one party to another. This could be the risk of damage to an asset (e.g., property insurance) or the risk to others arising from an activity (e.g. liability insurance). External insurance is necessary to provide a higher degree of financial certainty for the Council, which enables it to operate in an environment where risk is always present. Ground up insurance cover, where there is no excess, is not however a financially efficient transaction and the Council has chosen not to follow this route. The terms of risk transfer for the Council are set by a contractual arrangement commonly called the insurance policy. This requires the insurer, in return of a payment from the insured (the premium), to agree to reimburse the insured for losses arising from the consequences of an insured event.
41. The Council's risk environment internally and externally has changed materially in recent years. It continues to change at an escalating pace with new and emerging Cyber threats, Terrorism and specifically, more demanding regulations, for example the introduction of the General Data Protection Regulations. There is no single solution for protecting the public purse, the Community, Management, and the Council from the liabilities it faces. The best

approach is a combination of strong corporate governance and broad corporate indemnification through insurances and risk control.

Jules Binney, Risk and Assurance Manager, 18/12/23

Procurement implications

- 42. The results of the evaluation process are reported by RBKC who have led the procurement and hold the e-tendering system audit trail for the tender. The lead borough procuring will issue any required notices. Once awarded the record of contract will need to be added to the contract register alongside the named contract manager/s.
- 43. RBKC confirmed that the Evaluation Matrix aligns with the proposal to award outlined in this report.

*Joanna McCormick, Assistant Director Procurement and Commercial
14/12/2023*

Social Value

- 44. It is a requirement that all contracts let by the council with a value above £100,000 provide social value commitments that are additional to the core services required under the contract.
- 45. Insurance is a shared service with RBKC & WCC. RBKC are the host, and the tender will therefore follow the RBKC procurement rules on this process.
- 46. The tender evaluation is subject to a 10% social value consideration and the 10% weighting is compliant with RBKC procedure.
- 47. The project lead will work closely with the council's Social Value Officer and the service provider to agree on social value measures and their delivery plan.
- 48. It is recommended that the project lead works closely with Legal Services to ensure appropriate social value clauses are included in the contract, so that the council can enforce its right to remedies if social value commitments are not delivered.

Oliur Rahman, Head of Employment and Skills, 15/12/2023

Digital Services and Information Management

- 49. No IT implications are considered to arise from this report. Should this not be the case, for example, by requiring new systems to be procured or existing systems to be modified, IT Services should be consulted.
- 50. IM implications: The Insurers will be expected to have a Data Protection policy in place and staff will be expected to have received Data Protection training. The service will also need to complete a Data Privacy Impact Assessment.

51. Any contracts with the insurers will need to include H&F's data protection and processing schedule. This is compliant with the UK Data Protection law.

Implications completed by: Cinar Altun, Digital Strategy Lead, 18 December 2023

Consultation

52. Stage 1 consultation and engagement with leaseholders took place during July and August 2023. All leaseholder observations received have been given due regard and have been responded to within the statutory timeframe.
53. At Stage 2 leaseholders will have been contacted to explain the situation and the rationale for re-tendering. Whilst it is unlikely a stage process 2 can be completed prior to 1st April 2024 and therefore may need a temporary award for 12 months with the option upon completion of consultation to amend to 5 years.

LIST OF APPENDICES

Appendix

Appendix 1 Equality Impact Assessment

Exempt Appendices

Appendix 2 Liability Claims data

Appendix 3 Consolidated Evaluation matrix

APPENDIX 1 - H&F Equality Impact Analysis Tool

Conducting an Equality Impact Analysis

An EIA is an improvement process which helps to determine whether our policies, practices, or new proposals will impact on, or affect different groups or communities. It enables officers to assess whether the impacts are positive, negative, or unlikely to have a significant impact on each of the protected characteristic groups.

The tool is informed by the [public sector equality duty](#) which came into force in April 2011. The duty highlights three areas in which public bodies must show compliance. It states that a public authority must, in the exercise of its functions, have due regard to the need to:

- 1. Eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited under the Equality Act 2010**
- 2. Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it**
- 3. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it**

Whilst working on your Equality Impact Assessment, you must analyse your proposal against these three tenets.

General points

1. In the case of matters such as service closures or reductions, considerable thought will need to be given to any potential equality impacts. Case law has established that due regard cannot be demonstrated after the decision has been taken. Your EIA should be considered at the outset and throughout the development of your proposal, it should demonstrably inform the decision, and be made available when the decision is recommended.
2. Wherever appropriate, the outcome of the EIA should be summarised in the Cabinet/Cabinet Member report and equalities issues dealt with and cross referenced as appropriate within the report.
3. Equalities duties are fertile ground for litigation and a failure to deal with them properly can result in considerable delay, expense, and reputational damage.
4. Where dealing with obvious equalities issues e.g. changing services to disabled people/children, take care not to lose sight of other less obvious issues for other protected groups.
5. If you already know that your decision is likely to be of high relevance to equality and/or be of high public interest, you should contact the Strategy & Communities team for support.

Further advice and guidance can be accessed online and on the intranet:

<https://www.gov.uk/government/publications/public-sector-equality-duty>

<https://officesharedservice.sharepoint.com/sites/Governance/SitePages/Reports.aspx>

H&F Equality Impact Analysis Tool

Overall Information	Details of Full Equality Impact Analysis
Financial Year and Quarter	23/04
Name and details of policy, strategy, function, project, activity, or programme	<p>Title of EIA: Insurance tender 2024-2029</p> <p>The contracts for all of the Councils' insurances are due to expire 31 March 2024 and have been tendered for 2024-2029.</p> <p>Residential Leasehold Buildings insurance was included within the tender process.</p> <p>Insurance policies provide financial protection for the Councils assets and liabilities.</p> <p>Insurance policies are financial service contracts.</p> <p>Contracts to be awarded on a five-year basis.</p>
Lead Officer	<p>Name: Beverly Mills</p> <p>Position: Assistant Head of Insurance</p> <p>Email: beverly.mills@rbkc.gov.uk</p> <p>Telephone No: 07929823081</p>
Date of completion of final EIA	29/11/2023

Section 02	Scoping of Full EIA		
Plan for completion	Timing: 01/04/2024 Resources:		
Analyse the impact of the policy, strategy, function, project, activity, or programme	Analyse the impact of the policy on the protected characteristics (including where people / groups may appear in more than one protected characteristic). You should use this to determine whether the policy will have a positive, neutral, or negative impact on equality, giving due regard to relevance and proportionality.		
	Protected characteristic	Analysis	Impact: Positive, Negative, Neutral
	Age	Insurance contracts are financial services products for the financial benefit of the Council, providing protection of its assets and liabilities. Additionally residential leaseholders assets. There are currently 4693 residential leasehold properties.	Neutral

	The contracts do not have an impact on any people or groups that share protected characteristics or for care experienced young people. Contracts are discharged under English law and insurance methodology when dealing with claims. Equality information/data is not captured or utilised and would have no effect on the outcome of any claim, as each claim is considered on its own merits with settlement based on the terms of the insurance policy coverage and applicable laws.	
Disability	As above	Neutral
Gender reassignment	As above	neutral
Marriage and Civil Partnership	As above	Neutral
Pregnancy and maternity	As above	Neutral
Race	As above	Neutral
Religion/belief (including non-belief)	As above	Neutral
Sex	As above	Neutral
Sexual Orientation	As above	Neutral

Human Rights or Children's Rights

If your decision has the potential to affect Human Rights or Children's Rights, please contact your Equality Lead for advice

Will it affect Human Rights, as defined by the Human Rights Act 1998?

No

Will it affect Children's Rights, as defined by the UNCRC (1992)?

	No
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Section 03	Analysis of relevant data Examples of data can range from census data to customer satisfaction surveys. Data should involve specialist data and information and where possible, be disaggregated by different equality strands.
Documents and data reviewed	In compliance with Section 149 of the Equalities Act 2010, the Council has given due regard to the requirements of the Public Sector Equality Duty. It is not anticipated that the re-procurement of these insurance contracts will have any negative impacts on care experienced young people or any groups with protected characteristics, under the terms of the Equalities Act 2010.
New research	If new research is required, please complete this section N/a

Section 04	Consultation
Consultation	The Residential Leasehold Buildings contract is subject to the required two stage consultations under section 20 of the Landlord & Tenant Act 1985. Stage 1 was completed in July/August 2023. Stage 1 outlines the basis of the proposed tender and the various options upon which tenders are being sought and invites engagement and input prior to finalisation of the tender documents. Stage 2 provides the tender results, evaluation and a draft recommendation for contract award and seeks further leaseholder engagement and input prior to finalising recommendations.
Analysis of consultation outcomes	The tender process ensure we achieve the required policy cover for the most competitive premium for all leaseholders.

Section 05	Analysis of impact and outcomes
Analysis	What has your consultation (if undertaken) and analysis of data shown? You will need to make an informed assessment about the actual or likely impact that the policy, proposal, or service will have on each of the protected characteristic groups by using the information you have gathered. The weight given to each protected characteristic should be proportionate to the relevant policy (see guidance).

As noted under Section 2 above, insurance policies are financial services contracts, discharged under English Law and the terms of the insurance policy in terms of coverage and liability. Therefore there would be no negative impact on any people or groups including care experienced young people.

Section 06	Reducing any adverse impacts and recommendations
Outcome of Analysis	Neutral, it is not considered the re-procurement of these insurance contracts will have any negative impacts on any groups that share protected characteristics including care experienced young people.

Section 07	Action Plan					
Action Plan	Note: You will only need to use this section if you have identified actions as a result of your analysis					
	Issue identified	Action (s) to be taken	When	Lead officer and department	Expected outcome	Date added to business/service plan

Section 08	Agreement, publication and monitoring
Senior Managers' sign-off	Name: Beverly Mills Position: Assistant Head of Insurance Email: beverly.mills@rbkc.gov.uk Telephone No: 07929823081 Considered at relevant DMT:
Key Decision Report (if relevant)	Date of report to Cabinet/Cabinet Member: 29/11/2023 Key equalities issues have been included: Yes
Equalities Advice (where involved)	Name: Yvonne Okiyo Position: Strategic Lead Equity, Diversity and Inclusion Date advice / guidance given: 12.12. 23 Email: yvonne.okiyo@lbhf.gov.uk Telephone No: 07824 836 012

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 12/02/2024

Subject: **URGENT DECISION - Early Years Budget (Dedicated Schools Grant) 2024/25**

Report of: Cabinet Member for Children and Education, Councillor Alex Sanderson and Cabinet Member for Finance and Reform, Councillor Rowan Ree

Report author: Tony Burton, Head of Finance Children's Services and Education
Peter Haylock, Director of Education

Responsible Director: Sukvinder Kalsi, -Director of Finance
Jacqui McShannon, Director of Children's Services

REASONS FOR URGENCY

Following consultation with Schools Forum and early years providers, an urgent decision is required by 20th February 2024 to confirm the funding rates for the government's existing and new free childcare entitlements from April 2024.

Confirmation of rates at the earliest opportunity will assist schools, nurseries and child minders in their financial and business planning around the new funded entitlements.

SUMMARY

This report seeks approval of the 2024/25 Early Years Block of the Dedicated Schools Grant for 2024/25 which covers the existing childcare entitlements in addition to the new entitlements for working parents of two year olds and under two year olds from the 2024/25 financial year.

The DfE has extended the number of free childcare offers available to working parents in 2024/25. There will be new working parent entitlements introduced for 2-year-olds and children aged 9 months to 2 years during the year. The 2-year-olds offer will be for a maximum of 15 hours per week from 1st April 2024 and the under 2-year-olds offer for a maximum of 15 hours per week from 1st September 2024. It is intended that these offers will be extended further in 2025/26 to a maximum of 30 hours per week.

Local authorities are required to set a local formula for both the 2-year-old offers and the under 2s offer in the same way as it has for 3 and 4 year olds over the past 6 years.

RECOMMENDATIONS

1. To approve the 2024/25 budget of £12.8m for three- and four-year-olds in line with grant conditions, including the proposed increase in the hourly base rate paid to all early years providers to £6.68 per funded hour from April 2024.
2. To approve the 2024/25 budget of £3.2m for two-year-olds in line with grant conditions, including the proposed new hourly base rate paid to all early years providers at £9.36 per funded hour from April 2024.
3. To approve the 2024/25 budget of £1.2m for children from 9 months to two years old in line with grant conditions, including the proposed new hourly base rate paid to all early years providers at £13.45 per funded hour from April 2024.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The allocation of funding to local schools who are employers within the borough.
Creating a compassionate council	Enables pupils within the borough to receive a good quality education.
Doing things with local residents, not to them	Providing educational opportunities for all pupils within the borough.
Being ruthlessly financially efficient	Contributes to a level of financial stability for schools. The high needs block transfer enables this support to schools to continue and helps to reduce the high needs budget pressure.
Taking pride in H&F	Ensures continuing good quality provision in the borough's schools enabling pupils to take pride in their school and the borough.
Rising to the challenge of the climate and ecological emergency	Assists with the delivery of climate Education to young people within the borough.

Financial Impact

The Early Years proposed budget for 2024/25 will ensure the 95% pass through rate of grant directly to early years providers as required by the funding regulations and grant conditions.

The increases in funding to early years providers proposed is afforded by the increase in the hourly funded rate confirmed by the ESFA for 2024/25. The budget

has been based on expected take-up of the government's funded childcare entitlements in the 2024/25 financial year.

An allowance has been budgeted for contingency in each of the entitlements. This allows for risk around census points that guide funding received by Hammersmith and Fulham versus those paid to providers based on the profiled uptake of entitlements. The contingency also allows for volatility with respect to the deprivation supplement which is paid on a sliding scale according to the child's home postcode. The deprivation scale has been amended to ensure that the funding paid to providers through the deprivation supplement does not exceed the overall 12% cap set on supplements by the grant conditions. Deprivation payments have been reduced across the 5 least deprived bands whilst sustaining the supplement for settings with high levels of deprivation.

Jill Lecznar, Finance Manager Early Years, 29/01/2024

Verified by Sukvinder Kalsi, Strategic Director of Finance, 31/01/2024

Legal Implications

The Council has the power to create a budget and incur this expenditure as part of its duties to provide support for Early Education and Childcare under the Childcare Acts 2006 and 2016 together with its statutory guidance.

The Early Years block of Dedicated Schools Grant (DSG) is payable to local authorities under section 14 of the Education Act 2002. It is a 'ring fenced grant' that is to say it must be solely spent on the grant conditions, which need to be monitored to ensure compliance. Guidance has been prepared by the Education and Skills Funding Agency (ESFA) to assist local authorities in the operation of the grant, including the 2024 and 2025 Technical Guidance published in December 2023, the Early Years Entitlements: Local Authority Funding Operational Guide 2023 2024 and the School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024 which all support the changes and new entitlements outlined in the report in relation to how the grant funding must be spent.

Each year new regulations are issued as they only cover one year the current being School and Early Years Finance (England) Regulations 2023. These Regulations provide that Local Authorities must consult their Schools Forum and schools maintained by them when determining the school funding formula. Cabinet is the decision-making body for the schools funding formula and must consider the outcome of the consultation and take that into consideration when making a decision on whether to adopt the NFF, as per Schools Forum's recommendation. Although not duty bound to follow the recommendation of Schools Forum following the consultation, if Cabinet departs from the recommendation clear reasons must be given.

Implications verified by Jade Monroe, Chief Solicitor, Social Care, 31 January 2024

Background Papers Used in Preparing This Report

Schools Forum Papers and draft minutes:

- Schools Forum 16th January 2024 – Draft Proposed Early Years Budget 2024/25
[Schools Forum 16th January 2024](#)
 - Early Years Operational Guidance 2024 to 2025
[Early years funding: 2024 to 2025 - GOV.UK \(www.gov.uk\)](#)
-

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The 2024/25 Early Years Block funding allocation and operational guidance was received on the 29th November 2023.
2. The proposed budget for 2024/25 early years entitlements is based on the January 2022 early years census and estimates of expected take-up of the new entitlements in 2024/25. Table 1 below gives a high-level summary of the proposed budget which totals £18.5m across all funding elements.
3. Summary explanations of the funded childcare offer including funding rates applicable in 2024/25 are set out below:
4. Universal entitlement for 3- & 4-Year Olds – 15 hours free childcare for all 3- and 4-YO available from the term after their 3rd birthday for a maximum of 38 weeks per year. Funding will be received by LBHF at £8.71 per hour in 2024/25. This is a £0.21 per hour increase or 2.47% increase on the final 2023/24 funded rates at £8.50 per hour inclusive of Teachers Pay and Pension Allowance of £0.17 per hour.
5. Additional entitlement working parents 3- & 4-Year Olds – additional 15 hours free childcare for eligible 3- and 4- YO from the term after their 3rd birthday for a maximum of 38 weeks per year. Parents are required to obtain a 30-hour code. Funding will be received by LBHF at £8.71 per hour in 2024/25 financial year.
6. Disadvantaged 2-Year Olds – 15 hours free childcare for eligible 2-YO from the term after their 2nd birthday for a maximum of 38 weeks per year. Funding received is £11.30 per hour. This is a £0.50 per hour increase in funding or circa 4.6% versus final 2023/24 rate of £10.80 per hour. The rate to be paid to providers in 2024/25 will need to be agreed by Schools Forum in line with the requirements for this offer as detailed above in paragraph 2.2.
7. Working Parent 2-Year Olds – this is a new offer of 15 hours free childcare for eligible 2-YO from the term after their 2nd birthday for a maximum of 38 weeks per year. Funding received is £11.30 per hour in line with the Disadvantaged 2-year-old offer. The rate to be paid to providers in 2024/25 will need to be agreed by Schools Forum in line with the requirements for this new offer are as detailed above in paragraph 2.2.

8. Working Parent 9 months to 2-Year Olds – this is a new offer of 15 hours free childcare for eligible children from the term after they are 9 months for a maximum of 38 weeks per year. This offer will be introduced in September 2024 so the maximum number of weeks available in 2024/25 is 22 rather than 38. Funding received is £15.41 per hour which reflects the higher level of staffing required for this cohort. The rate to be paid to providers in 2024/25 will need to be agreed by Schools Forum in line with the requirements detailed above in paragraph 2.2.
9. Early Years (EY) Pupil Premium – additional funding for disadvantaged children has been extended to all the Early Years offers detailed above. It will be paid as a top up of £0.68 per hour up to a maximum of £378.60 per year (38 weeks). Eligibility relates to benefits received by the family and must be confirmed by the provider and recorded on the termly head count.
10. Disability Access Fund – additional per pupil funding for those receiving DLA to access all EY entitlements. This was previously for 3 and 4 YO only and has been extended to all Early Years offers from 1st April 2024. Funding has increased to £910 per eligible pupil per annum. (2023/24 £828)
11. Maintained Nursery School Supplementary Funding – this additional funding for maintained nurseries was initiated as part of the move to the NFF (National Funding Formula) to provide funding protection with respect to historic duties to 3 and 4YO. An estimated initial allocation of £1,014,281 in 2024/25 is based on the January 2023 census for 3 and 4YO accessing the universal entitlement. This figure includes the allowance for MNS share of Teachers Pay and Pension Grant. This allocation is subject to change depending on actual participation and will be adjusted accordingly in July 2024 and finally in July 2025 as a result of the January 2025 census.

Table 1: Breakdown of Initial Early Years Funding Allocations 2024/25 (January 2023 headcount and DfE estimates)

Element	Amount £m
3- and 4-YO universal offer	10.595
3- and 4-YO extended offer	2.206
Sub-total 3- and 4-Year Old Offer	12.801
2-YO Disadvantaged offer	1.461
2-YO Working Parent offer	1.746
Sub-total 2 Year old offers	3.207
9 month to 2 YO Working Parent offer	1.207
EY Pupil Premium (all offers)	0.138
Disability Access Fund (all offers)	0.089
MNS supplementary funding	1.014
TOTAL	18.456

2024/25 Proposed Budget Model – All Entitlements

12. The 2024/25 draft budget model is based on the initial allocation detailed above and summarised in Table 2 below for the first five elements of funding in Table 2 below.
13. The proposed breakdown of the use of the new hourly funding rates for each entitlement is shown in the Table 3 below.

Table 2: Draft 2024/25 Early Years Budget by entitlement

	24/25	24/25	24/25
	3 and 4 YO Entitlements (Universal & Extended)	2 YO Entitlements (Working Parents & Disadvantaged Children)	Under 2 YO Entitlements (Working Parents)
	£m	£m	£m
A. Base Rate - Participation based on estimated hours	9.817	2.658	1.054
B. Deprivation Supplement - Participation based on hrs	1.058	0.252	0.060
C. Supplement for Quality	250	0	0
D. SEN Inclusion Fund	0.500	0.097	0.027
E. Lump Sum to MNS - Help & Support Families in Need	0.397	0	0
F. Contingency	0.147	0.040	0.008
G. Central expenditure - 5%	0.632	0.160	0.058
TOTAL Planned Expenditure	12.801	3.207	1.207

Table 3: Factors and Hourly Rates Proposed 2024

	24/25	24/25	24/25
	3 and 4 YO Entitlements (Universal & Extended)	2 YO Entitlements (Working Parents & Disadvantaged Children)	Under 2 YO Entitlements (Working Parents)

	£ per hour	£ per hour	£ per hour
A. Base Rate - Participation based on estimated hours	6.68	9.36	13.45
B. Deprivation Supplement - Participation based on estimated hours	0.72	0.89	0.77
C. Supplement for Quality	0.17	NIL	NIL
D. SEN Inclusion Fund	0.34	0.34	0.34
E. Lump Sum to Maintained Nurseries - Help and Support for Families in Need	0.27	NIL	NIL
F. Contingency	0.10	0.14	0.10
G. Central services expenditure - 5% maximum allowed	0.43	0.57	0.75
TOTAL Funded Rate	8.71	11.30	15.41

Key Elements of the Proposed Budget Models 2024/25

14. All providers, both schools, private & voluntary nursery providers and childminders to be funded according to the DFE regulations. For 3 and 4YO it is mandatory to pay a universal base rate and a supplement for deprivation based on IDACI bandings for individual children. This principle has been extended to both 2YO and under 2YO offers although not mandatory in 2024/25. The value of supplements for each entitlement must not exceed 12% of the total amount of the payments made.
15. Factor A - Universal base rates paid for every hour under the governments early years Entitlements for the financial year starting April 2024.
 - Note for 3 and 4 YO – The proposed rate is £6.68 per hour. This is an increase of 12 pence per hour on the September 2023 rate (1.8% increase) and an increase of 20 pence per hour on the March 2023 rate (2.99% increase).
16. Factor B - Deprivation.
 - This is a mandatory supplement for 3 and 4 YO offer and in order to remain within the overall supplements limit of 12% (including Factor C Quality). Modelling of current payments indicates that the current IDACI banding hourly rates pay over this limit. The rates have been amended in 2024/25 to protect the children with the highest levels of deprivation.
 - A deprivation supplement has been included for both 2 YO offers and Under 2YO offer on the same basis as the 3 and 4 YO offer. Based on current data we expect the average deprivation supplement for a child within the disadvantaged entitlement cohort to be £1.03 per hour
17. Factor C - Quality. This supplement is for 3 and 4 YO offer only and relates solely to the Teachers Pay and Pension grant which was rolled into the EY funding in 2023/24 and continues to be applicable in 2024/25.
 - This funding also now includes the Teachers Pay Additional Grant paid to schools in 2023/24 which has been mainstreamed for 2024/25 plus an

allowance for the proposed Teachers Pension Employer contribution increase from April 2024.

- This funding will be used for mainstream primaries with nurseries as prescribed by the DfE guidance. Maintained Nursery Schools are not eligible for this funding as pay grants have been added to the Maintained Nursery School supplement.

18. Factor D - SEN Inclusion Fund. All providers at some stage may require additional funding to help them support the needs of individual children with lower level or emerging SEN in their settings. The 2024/25 budget is proposed across all entitlements is based on actual funding passed to providers in 2022/23 with an allowance for the new entitlements.

- The Early Years Inclusion Fund has been expanded to include all children covered by the extended entitlements who have a low level or emerging SEN from April 2024 as required by regulation.
- The funding is for use in the setting and is allocated to the provider on an individual basis.

19. Factor E – Help and Support for Families in Need. Paid as a lump sum to maintained nursery schools to support the enhanced offer available to families and children requiring additional support.

20. Factor F – contingency funding. The contingency is available to manage volatility in funding versus activity between terms.

- The contingency is also intended to manage the risk with respect to deprivation for the new entitlements where average IDACI is based on estimates using past data for disadvantaged children and the 3&4 year old targeted offer.
- Contingency is included for the new extended entitlements.
- 2022/23 closed with a small final deficit after retrospective funding adjustments for the January 2023 census. The contingency amounts have been increased slightly to accommodate the increased volatility and will be kept under review. In addition, there is volatility around activity and potential clawback of funding for 2023/24.

21. Factor G - Central Services Expenditure. The model assumes a budget for central services of £0.850m which is the maximum amount allowed across the entitlements under regulations. The proposed allocation of the central items is detailed in Table 4 below.

Table 4: Proposed Central Services Budget 2024/25

Item of Central Expenditure	24/25	24/25	24/25	24/25
	3 and 4 YO Offers	2 YO Offers	Under 2 YO Offer	Total
	£m	£m	£m	£m
i. Education Early Years Services	0.444	0	0	0.444
ii. Help and Support	0.071	0.160	0.058	0.289

	for Families in Need				
iii.	Finance	0.106	0	0	0.106
iv.	Business Intelligence census and Assessments	0.011	0	0	0.011
Total Central Spend		0.632	0.160	0.058	0.850

Reasons for Decision

22. The Early Years Block of the Dedicated Schools Grant (DSG) are set out and agreed annually according to the process and regulations set out by the Education and Schools Funding Agency (ESFA).
23. The Local Authority must approve the basis for the allocation to schools. Hammersmith & Fulham Schools Forum and Providers have been consulted in January 2024 with the budget details and provider funding rates proposed in this report.

Equality Implications

24. There are no direct negative equality implications for groups with protected characteristics, under the Equality Act 2010, by the approval of these funding proposals set out in the Recommendations.
25. Officers anticipate a neutral impact as the funding model outlined in this report is determined by the National Funding Formula for Early Years.
- Deprivation funding at the maximum level permitted is being sustained and applied across all the entitlements.
 - The Special Educational Needs Inclusion Fund is being extended across the new entitlements to continue the support provided to meet needs early. This element of the budget will grow over the medium term as the take-up and extension of the entitlements proceed.

Risk Management Implications

26. The report recommends the basis of allocation of Early Years funding to schools for the provision for services for pre-school age children. The report sets out the basis of allocation for existing and new entitlements and includes contingency to cater for the impact of deprivation on entitlement, which could be subject to fluctuation in funded census and termly census data. The report's recommendations are in line with the council's objectives, including creating a compassionate council

David Hughes, Director of Audit, Fraud, Risk and Insurance, 29 January 2024

Climate and Ecological Emergency Implications

26. There are no climate implications to this decision. This report covers the revenue budgets for the local authority and all early years providers including school in Hammersmith & Fulham. There is no expectation from the DfE that these budgets are used by education providers for anything other than the provision of the government's free childcare entitlements, and the local authority is not able to impose any additional requirements on providers.

Verified by: Jim Cunningham, Climate Policy & Strategy Lead, 31st January 2024

Consultation

27. The local authority consulted with Schools Forum on 16th January 2024 with respect to this budget model. Subsequently the local authority began a short consultation with schools private and voluntary nurseries and childminders. The consultation ends 2nd February 2024.
28. Feedback from providers across the sector to date and at workshops held in January suggest broad sufficiency for the new entitlements in Hammersmith and Fulham. This will need to be monitored as uptake of the new government entitlements becomes clearer in the coming months.

LIST OF APPENDICES

None

NOTICE OF CONSIDERATION OF A KEY DECISION

In accordance with paragraph 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the Authority hereby gives notice of Key Decisions which the Cabinet, Cabinet Members or Chief Officers intend to consider. The list may change from the date of publication as further items may be entered.

NOTICE OF THE INTENTION TO CONDUCT BUSINESS IN PRIVATE

The Authority also hereby gives notice in accordance with paragraph 5 of the above Regulations that it may meet in private to consider Key Decisions going to a Cabinet meeting which may contain confidential or exempt information.

Reports relating to Cabinet key decisions which may be considered in private are indicated in the list of Cabinet Key Decisions below, with the reasons for the decision being made in private. Any person is able to make representations to the Cabinet if he/she believes the Cabinet decision should instead be made in the public at the Cabinet meeting. If you want to make such representations, please e-mail Katia Neale on katia.neale@lbhf.gov.uk. You will then be sent a response in reply to your representations. Both your representations and the Executive's response will be published on the Council's website at least 5 working days before the Cabinet meeting.

KEY DECISIONS PROPOSED TO BE MADE BY THE AUTHORITY FROM FEBRUARY UNTIL JULY 2024

The following is a list of Key Decisions which the Authority proposes to take from February 2024. The list may change over the next few weeks.

KEY DECISIONS are those which are likely to result in one or more of the following:

- Any expenditure or savings which are significant (ie. in excess of £300,000) in relation to the Council's budget for the service function to which the decision relates;
- Anything affecting communities living or working in an area comprising two or more wards in the borough;
- Anything affecting the budget and policy framework set by the Council.

The Key Decisions List will be updated and published on the Council's website at least on a monthly basis.

NB: Key Decisions will generally be taken by the Executive at the Cabinet, by a Cabinet Member or by a Chief Officer.

*If you have any queries on this Key Decisions List, please contact
Katia Neale on 07776 672 956 or by e-mail to katia.neale@lbhf.gov.uk*

Access to Key Decision reports and other relevant documents

Key Decision reports and documents relevant to matters to be considered at the Authority by Cabinet only, will be available on the Council's website (www.lbhf.org.uk) a minimum of 5 working days before the Cabinet meeting. Further information, and other relevant documents as they become available, can be obtained from the contact officer shown in column 4 of the list below.

Decisions

All Key Decisions will be subject to a 3-day call-in before they can be implemented, unless called in by Councillors.

Making your Views Heard

You can comment on any of the items in this list by contacting the officer shown in column 4. You can also submit a deputation to the Cabinet related to Cabinet Key Decisions only. Full details of how to do this (and the date by which a deputation must be submitted) will be shown in the Cabinet agenda.

LONDON BOROUGH OF HAMMERSMITH & FULHAM CABINET

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

Key Decisions List No. 133 (published 1 February)

KEY DECISIONS LIST – FROM FEBRUARY 2024

The list also includes decisions proposed to be made by future Cabinet meetings

Where column 3 shows a report as EXEMPT, the report for this proposed decision will be considered at the private Cabinet meeting. Anybody may make representations to the Cabinet to the effect that the report should be considered at the open Cabinet meeting (see above).

* All these decisions may be called in by Councillors; If a decision is called in, it will not be capable of implementation until a final decision is made.

Decision to be made by	Earliest date the decision will be made and Reason	Proposed Key Decision	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents publication
Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.				
CABINET MEMBER AND OFFICER DECISIONS				
Finance				
Cabinet Member for the Economy, Cabinet Member for Social Inclusion and Community Safety	February 2024	Construction Code of Practice The Council's Noise and Nuisance team would like to publish a Code of Practice for Construction Work. By publishing an approved Code of Construction Practice the council will set out clear requirements for how construction works should be carried out. This will help to ensure that all impacts from those works e.g. noise or dust complaints, are minimised.	Cabinet Member for the Economy, Cabinet Member for Social Inclusion and Community Safety	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
	Contact officer: Hashith Shah Tel: 020 8753 6693 Hashith.Shah@lbhf.gov.uk			
Cabinet Member for Children and Education	February 2024	Short Term Lease for the School House at Hurlingham Academy The report requests approval for consent for Hurlingham Academy to enter into a short term lease of the School House (caretakers lodge).	Cabinet Member for Children and Education	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Palace & Hurlingham	
	Contact officer: Daryle Mathurin Tel: 07816 661199 Daryle.Mathurin@lbhf.gov.uk			

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
				3-day call-in.
Cabinet Member for Children and Education	February 2024	Breakfast Support Provider to Address Food Poverty in Schools Deliver of expert advice and support to establish hunger focused breakfast provision in schools as well as food deliveries.	Cabinet Member for Children and Education	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Marcus Robinson Marcus.RobinsonCHS@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2024	Refurbished Town Hall - Level 06 Fit-Out The Council is seeking to tender for works to fit-out the new bar and restaurant area on Level 06 of the refurbished Town Hall. Works are likely to include, floor and wall finishes, lighting, kitchen and bar counter.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet Member for Children and Education	February 2024	GLA funding for Primary School Universal Free School Meals The Mayor for London announced £130 million of one-off funding to ensure all school children at publicly funded primary schools in London can receive free school meals for the academic year beginning in September 2023. The funding allocation for Hammersmith & Fulham is funding for schools to implement the meal provision for children in Key Stage 2 who are not otherwise eligible for free school meals.	Cabinet Member for Children and Education	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Marcus Robinson Marcus.RobinsonCHS@lbhf.gov.uk	
Cabinet Member for the Economy	February 2024	Article 4 Direction Direction to remove permitted development rights for commercial premises to change use to residential in identified commercial areas within the borough.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: David Gawthorpe David.Gawthorpe@lbhf.gov.uk	
Cabinet Member for Finance and Reform	February 2024	Smart Building and Environmental Technologies 2023 The council has ambitions to invest in technology to support climate and environmental targets within offices. Facilities are needed to monitor and manage energy and power usage and operate technically efficient	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Ramanand Ladva Tel: 07493864847 Ramanand.Ladva@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		buildings whilst providing powerful utilization data.		Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Strategic Director of Finance	February 2024	Council Tax Single Person Discount Review In line with recommendations from DLUHC, the Council conducts a yearly review of the Single Persons Discount (SPD) which has been granted to residents previously under Section.11 Council Tax (Discount and Disregard) LGFA 1993. This review is to establish whether the resident is still eligible for the discount, which is a 25% reduction on the council tax charge.	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Jamie Mullins Tel: 020 8753 1650 Jamie.Mullins@lbhf.gov.uk	
Cabinet Member for Finance and Reform	February 2024	Council Tax and Business Rates Arrears Reduction Project To agree one off revenue funding of £938,000 to support a targeted reduction in Council Tax and Business Rates arrears, to be funded from the Council's efficiency projects reserve (invest to save).	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Jamie Mullins Tel: 020 8753 1650 Jamie.Mullins@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet Member for the Economy	Before 31 Mar 2024	Instruction to H&F Developments Ltd to grant a lease on civic campus Block B Restaurant The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2024	Instruction to H&F Developments Ltd to grant cinema lease to successful operator The Council's nominee company, H&F Housing Developments Ltd, acts upon the instruction of the council in matters relating to commercial leases at the Civic Campus. PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Strategic Director of the Economy Department	Before 31 Mar 2024	Instruction to H&F Developments Ltd to grant a lease on civic campus Block C cafe The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Strategic Director of the Economy Department	Before 31 Mar 2024	Instruction to H&F Developments Ltd to grant lease on civic campus Block C retail unit The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2024	Instruction to H&F Developments Ltd to grant lease on civic campus convenience store to successful operator The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Expenditure/Income over £5m & policies or new income, reserves use,		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	overspend over £300K	PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	v.uk	Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Strategic Director of the Economy Department	March 2024	Instruction to H&F Developments Ltd to grant lease on civic campus Block B 1st floor office The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): Hammersmith Broadway	
			Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Strategic Director of the Economy Department	March 2024	Instruction to H&F Developments Ltd to grant lease on civic campus Block B 2nd floor office The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): Hammersmith Broadway	
			Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
				Officer Decisions reports will be published at the start of the 3-day call-in.
Strategic Director of the Economy Department	March 2024	Instruction to H&F Developments Ltd to grant lease on civic campus Block B 3rd floor office The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Strategic Director of the Economy Department	March 2024	Instruction to H&F Developments Ltd to grant lease on civic campus Block B 4th floor office The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Strategic Director of the Economy Department	March 2024	Instruction to H&F Developments Ltd to grant lease on civic campus Block B 5th floor office The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Strategic Director of the Economy Department	March 2024	Instruction to H&F Developments Ltd to grant lease on civic campus Block B 6th floor office The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Cabinet Member for the Economy	Before 31 Mar 2024	Instruction to H&F Developments Ltd to grant a lease on civic campus Block B 7th floor office The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	between £1.5m and £5m		v.uk	Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Cabinet Member for the Economy	Before 31 Mar 2024	Instruction to H&F Developments Ltd to grant lease on civic campus Block B ground floor office / reception The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Hammersmith Broadway	
			Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Cabinet Member for the Economy	Before 31 Mar 2024	Instruction to H&F Developments Ltd to grant a lease on civic campus Affordable Start-up Unit 2 The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): Hammersmith Broadway	
			Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet Member for the Economy	Before 31 Mar 2024	Instruction to H&F Developments Ltd to grant a lease on civic campus Affordable Start-up Unit 1 The Council's nominee company, H&F Housing Developments Ltd acts on the instruction of the Council in all matters related to the commercial leases on the civic campus	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): Hammersmith Broadway	
			Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Cabinet Member for Public Realm	February 2024	Wood Lane / Depot Road Junction Improvement Scheme - S106 Highway Works This is a junction improvement scheme which involves a complete redesign of the junction, including new traffic signals, new access road into the Imperial College Campus Site, carriageway and footway repaving, greening and incorporating the new C34 bi-directional cycle lane through the junction.	Cabinet Member for Public Realm	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): College Park and Old Oak	
			Contact officer: Michael Masella michael.masell@lbhf.gov.uk	
Cabinet Member for Social Inclusion and Community Safety	March 2024	Decision to introduce a Public Spaces Protection Order (PSPO) relating to street harassment This report will outline the result of a public consultation into whether to introduce a Public Space Protection Order to prevent street harassment.	Cabinet Member for Social Inclusion and Community Safety	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Beth Morgan, Laura Seamons Tel: 020 8753 3102, Tel: 07786965292	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
			beth.morgan@lbhf.gov.uk, laura.seamons@lbhf.gov.uk	Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Strategic Director of the Economy Department	Before 31 Mar 2024	Acquisition of freehold properties Acquisition of freehold properties under the Refugee Housing Programme / Local Authority Housing Fund Round 2.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s):	
			Contact officer: Joe Coyne joe.coyne@lbhf.gov.uk	
Strategic Director of the Economy Department	Before 31 Mar 2024	Decision to purchase properties under the Refugee Housing Programme Decision to acquire leasehold properties using funding from the Refugee Housing Programme and the Local Authority Housing Fund Round 2.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s):	
			Contact officer: Joe Coyne joe.coyne@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet Member for the Economy	24 Feb 2024	Civic Campus Cinema Decision Cabinet Member for the Economy to make a decision on entering into an agreement for the cinema lease at the Civic Campus.	Cabinet Member for Social Public Realm	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): Hammersmith Broadway	
			Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Cabinet Member for Social Inclusion and Community Safety	Before 31 Mar 2024	LET FPN fine increase Amendments to fixed penalty notice charges to be issued by Law Enforcement Team	Cabinet Member for Social Inclusion and Community Safety	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Mohammed Basith Mohammed.Basith@lbhf.gov.uk	
Cabinet Member for Public Realm	February 2024	Approval for a 10 year lease on 27 Bulwer street W12 8AR We are seeking approval for a 10 year lease in the north of the borough to house our parking on street enforcement team. the search for a suitable property has been on going for the last 18 months. This property is highly suitable for our operation and will	Cabinet Member for Public Realm	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital		Ward(s): Shepherds Bush Green	
			Contact officer: Gary Hannaway Tel: 020 8753 gary.hannaway@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	between £1.5m and £5m	be funded from the existing parking budgets.		Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Cabinet Member for Public Realm	February 2024	Registration and Mortuary (Fees and Charges) To agree the introduction of new service charge categories and approve the proposed uplifted fees and charges from 1 April 2024.	Cabinet Member for Public Realm	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Kayode Adewumi Kayode.Adewumi@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2024	Delivering affordable homes - acquisition of leasehold properties Decision to acquire leasehold properties in the borough.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
			Contact officer: Joe Coyne joe.coyne@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Strategic Director of the Economy Department	February 2024	Delivering affordable homes - acquisition of freehold properties Acquisition of freehold properties in the borough.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
			Contact officer: Joe Coyne joe.coyne@lbhf.gov.uk	

Corporate

Strategic Director of the Economy Department	February 2024	White City Central - Variation to the appointments of Mae, Curtins, 24 Acoustics, Make:Good and Farrer Huxley to include RIBA 3A This report concerns the proposed development of the site known as White City Central area ("site"). The report seeks the approval for the variation of existing contracts for stage RIBA 3A to assist in the procurement of the main contractor.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Tarie Chakare, Ayesha Ovaisi Tel: 020 8753 5584 tarie.chakare@lbhf.gov.uk, Ayesha.Ovaisi@lbhf.gov.uk	
Cabinet Member for Children and Education	February 2024	Maintained Nursery Grant Funding Approve maintained nursery funding for academic year 22/23 at current levels from early years block	Cabinet Member for Children and Education	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting.
	Reason: Expenditure/Income - Revenue between £500,000		Ward(s): All Wards	
			Contact officer: Paul Triantis Paul.Triantis@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	and £5m and Capital between £1.5m and £5m			Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Strategic Director of the Economy Department	February 2024	Procurement Strategy & Award of Air Source Heat Pumps We are proposing to let and award a contract for the supply and installation of air to water source heat pump system (s) at 105 Greyhound Road, W6 8NL and the Public Mortuary at 200 Townmead Road, SW6 2RE.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Affects 2 or more wards		Ward(s): Sands End Contact officer: Sebastian Mazurczak Tel: 020 8753 1707 Sebastian.Mazurczak@lbhf.gov.uk	
Cabinet Member for Housing and Homelessness	February 2024	Contract Award Report - Consultancy Services Framework Contract award report in relation to the appointment of specialist external consultants to deliver professional services for the Economy Department covering: Multi-disciplinary services (such as Quantity Surveyors, Contract Administrators, Project Managers, Principal Designers including CDM Consultants/Advisors, Building Surveyors and Employers Agents including a combination of such services); Engineering Services (such as Mechanical & Electrical and Civil and Structural); Architectural Services; Clerk of Works Services; and Fire	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Dominic D Souza Dominic.DSouza@lbhf.gov.uk	

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		<p>Consultancy Services.</p> <p>The Consultancy Services Framework Agreement comprises eight (8) lots and will run for a period of four (4) years.</p>		
Leader of the Council	February 2024	<p>Open Market Acquisition</p> <p>The authority to acquire residential properties to accelerate the delivery of genuinely affordable housing in the borough, to meet the urgent need for affordable housing.</p>	Cabinet Member for the Economy	<p>A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.</p>
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		<p>Ward(s): All Wards</p> <p>Contact officer: Mo Goudah mo.goudah@lbhf.gov.uk</p>	
Cabinet Member for Housing and Homelessness	February 2024	<p>Variations to Housing Repairs Contract</p> <p>Contract variation to existing housing repairs contract</p>	Cabinet Member for Housing and Homelessness	<p>A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.</p>
	Reason:		<p>Ward(s): All Wards</p> <p>Contact officer: Emma Lucas Tel: 07827883247 Emma.Lucas@lbhf.gov.uk</p>	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Strategic Director of Finance	February 2024	Land and property-based ICT system contract extension Approval of a 12 month contract extension with existing provider IDOX to enable the data migration and new system configuration to take place	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
			Contact officer: Davina Barton Davina.Barton@lbhf.gov.uk	
Cabinet Member for Public Realm	February 2024	Parking Bailiff Enforcement Procurement Strategy This decision will be to sign off on the procurement strategy relating to the bailiff enforcement contract for outstanding Penalty Charge Notice (PCN) debt.	Cabinet Member for Public Realm	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Bram Kainth, Gary Hannaway Tel: 07917790900, Tel: 020 8753 bram.kainth@lbhf.gov.uk, gary.hannaway@lbhf.gov.uk	
Cabinet Member for Children and Education	February 2024	Procurement Strategy for Community Schools Programme Refurbishment Works To refurbish Lena Gardens and Mund St. sites to serve as decant locations for schools in the Community Schools Programme	Cabinet Member for Children and Education	A detailed report for all decisions going to Cabinet will be available at least five working days before the date
	Reason: Expenditure/Income - Revenue between		Ward(s): Avonmore; Addison; Brook Green; Ravenscourt	

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	£500,000 and £5m and Capital between £1.5m and £5m		Contact officer: Anthony Mugan Anthony.Mugan@lbhf.gov.uk	of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Strategic Director of the Economy Department	February 2024	Community Schools Programme – Variation to the appointment of Design Team (BPTW) Variation to existing contract for Design Team services (encompassing architectural design services) for the Community Schools Programme.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Affects 2 or more wards		Ward(s): Avonmore; Ravenscourt	
			Contact officer: Patrick Vincent Patrick.Vincent@lbhf.gov.uk	
Deputy Leader	February 2024	Direct Award of Contract for Minterne Gardens Extra Care Service The decision is to agree that the Contract with Housing 21 will start from February 2023 until 31st March 2027. The decision is to agree that the total value of the four-year Housing 21 Minterne Gardens contract is expected to be £3,919,566. The service is based on a core and flexi model which fits around resident's needs. This contract will provide a consistent and sustainable Extra Care Service for	Deputy Leader	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): White City; Wormholt	
			Contact officer: Johan van Wijgerden Tel: 07493864829 Johan.vanwijgerden@lbhf.gov.uk	

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		resident of the borough, which promotes independent living, enabling them to remain in their own home for as long as possible and reduces the need for more expensive residential care.		
Strategic Director of the Economy Department	February 2024	Decarbonisation of non-domestic properties (phase 2) - WOS - contract award	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	Decision relates to the award of a Works / Optimisation Service (WOS) contract for retrofitting and decarbonising H&F assets (incl. replacement of gas boilers with ASHPs).	Ward(s): All Wards	
		<p>This decision follows the procurement strategy taken to Cabinet on 18th July 2022 and the Cabinet report (requesting approval for authority to award the contract to be delegated to relevant the SLT Director, in consultation with the Cabinet Member) on 6th March 2023.</p> <p>The WOS contract will be used for the installation of Energy Conservation Measures (ECMs) at H&F non-domestic properties. The delivery of decarbonisation and retrofit projects will support the Council to achieve its net-zero carbon target and reduce carbon emissions in H&F.</p>	<p>Contact officer: Jonathan Skaife</p> <p>Jonathan.Skaife@lbhf.gov.uk</p>	

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Cabinet Member for Housing and Homelessness	February 2024	Procurement Strategy/Contract Award approval to Cablesheer to support with housing voids and repairs We are looking for both procurement strategy and contract award approval to direct award a 3 year contract to Cablesheer. The contract will instruct work orders to Cablesheer to support our term-service patch contractors with housing voids and repairs. This direct award will be through a compliant Construction Framework (The national framework partnership). The contract value will be for a maximum value of £4,500,000 over a 36 month duration. The contract will apportion the spend equally at £1,500,000 per annum.	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Nick Marco-Wadey Tel: 07988490264 Nick.Marco-Wadey@lbhf.gov.uk	
Cabinet Member for Housing and Homelessness	February 2024	Installation of lift motor room air conditioning The impact of climate change and severe weather events is becoming all more frequent with significant temperature events in since 2020 with 40°C being surpassed in 2022*. These increases have many impacts on residents and buildings and the associated infrastructure including the failure of operational systems such as lifts. Since 2020, we have noticed a rise in temperatures during summer months, which has resulted in 50 lifts going out of service as the operating temperatures in motor rooms housing the plant are exceeded. This results in significant impacts on residents	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Nick Marco-Wadey Tel: 07988490264 Nick.Marco-Wadey@lbhf.gov.uk	

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		<p>in accessing their homes or exiting the building. The installed passive air flow grilles in the motor rooms are inadequate to provide a cool operating function and therefore there is need for the provision of active climatic control within the motor rooms.</p> <p>Furthermore, temperatures drop below freezing during the winter months, having an adverse effect on control units due to ice forming on motor room walls during the day with this resulting in condensation which pours into control panel and malfunctions the drive units. To manage this risk, the provision of full function air conditioning units to manage temperatures within lift motor rooms is urgently required. This report recommends approving a 1-year contract (Via a waiver to standing orders) to install circa 120 air conditioning units in lift motor rooms with an estimated spend of £500,000 to Drurycourt Limited.</p>		
Strategic Director for the Environment	February 2024	Alternative Ecological Mitigation at Wormwood Scrubs Contractors Procurement <p>This report is seeking permission for the council to approach the market and procure contractors for the implementation of the Alternative Ecological Mitigation (AEM) Masterplan capital works and 10 Year Management and Maintenance Plan (MMP) for Wormwood Scrubs.</p>	Cabinet Member for Public Realm	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): College Park and Old Oak	
			Contact officer: Vicki Abel Victoria.Abel@lbhf.gov.uk	

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				reports will be published at the start of the 3-day call-in.
Cabinet Member for Housing and Homelessness	February 2024	<p>Approval to extend our roofing contract by 12 months.</p> <p>We seek approval to extend our existing contract with our roofing subcontractor. This contract currently supports our DLO by carrying out roofing repairs and maintenance works, on behalf of H&F Maintenance, our Direct Labour Organisation ('the DLO'. The DLO has responsibility for carrying out repairs to communal areas for most of our council housing stock. Due to the specialist nature of roofing works the DLO requires a subcontractor to carry out roofing repairs and maintenance works on its behalf.</p> <p>We initially procured this provider under a JCT measured term contract from the 16th of May 2022 until the 15th of May 2024. The original contract award allowed for a 12 month extension of the contract until the 15th of May 2025.</p> <p>We are seeking approval to action this extension of the contract until the 15th of May 2025.</p>	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Nick Marco-Wadey Tel: 07988490264 Nick.Marco-Wadey@lbhf.gov.uk	
Cabinet Member for Housing and Homelessness	February 2024	<p>Procurement strategy for air source heat pump communal heating and hot water system and thermal insulation of building fabric energy efficiency pilot project</p> <p>We are seeking approval to replace the existing gas communal heating and hot water system, which has reached the end of its operating life, with an air source heat</p>	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between		Ward(s): All Wards	
			Contact officer: Richard Buckley richard.buckley@lbhf.gov.uk	

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	£1.5m and £5m	pump (electric) system and in tandem undertake climate change adaptations (e.g., thermally insulate the fabric of the building) at Philpot Square, Peterborough Road, London, SW6 3HT. The system serves 72 households. We seek to use the Procurement for Housing Framework: 'Decarbonisation and Retrofit' – Lot 2 'Air Source Heat Pumps' to appoint capable design and build. We will call-off this framework via a mini-competition.		Officer Decisions reports will be published at the start of the 3-day call-in.
Deputy Leader	February 2024	Day Opportunities Direct Award Contract The purpose of this report is to approve a Direct Award to both Nubian Life and the Alzheimer's Society to the total value of £564,887. For both services, the contract ends on the 31st March 2023 and to ensure service continuity as well as planning a co-production project and tender in order that on the 1 June 2024 a revised service will be put in place.	Deputy Leader	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Laura Palfreeman Tel: 0208 753 1953 Laura.Palfreeman@lbhf.gov.uk	
Director Children's Services	February 2024	Procurement Strategy for Temporary Classroom Unit at Woodlane High School Provision of 20 additional temporary spaces at Woodlane High Schools	Cabinet Member for Children and Education	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Anthony Mugan Anthony.Mugan@lbhf.gov.uk	

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				Decisions reports will be published at the start of the 3-day call-in.
Cabinet Member for Housing and Homelessness	February 2024	Direct Award via the Southeast Consortium Framework for a Windows installation/replacement contractor We are seeking approval to compliantly direct award a 3 year, £3,000,000 windows installation and replacement contract via the Southeast Consortium Framework. This contract will provide the council with the additional capacity required to support our increasing work order demand within the repairs service.	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Richard Buckley richard.buckley@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2024	Procurement of a Marquee for the refurbished Hammersmith Town Hall The Council is seeking to procure a marquee for the outdoor area of the rooftop bar and restaurant on Level 06 of the refurbished Town Hall	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Hammersmith Broadway	
			Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	

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Cabinet Member for the Economy	February 2024	Procurement and Installation of Audio Visual Equipment, Desk Booking and Smart Technology within the refurbished Town Hall The Council is seeking to tender for works to procure and install the following: - Audio Visual equipment - Desk Booking technology - Smart technology	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2024	Procure joinery works in relation to large Furniture and Fixtures at the refurbished Town Hall The Council is seeking to tender a joinery package for the provision of two large reception desks and a bar counter at the refurbished Town Hall	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Cabinet Member for the Economy	February 2024	Fulham Library & Macbeth Centre Roof Replacement Roof Replacement works	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Fulham Reach Contact officer: Sebastian Mazurczak Tel: 020 8753 1707 Sebastian.Mazurczak@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
				Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Cabinet Member for Children and Education	February 2024	GLA funding for Primary School Universal Free School Meals The Mayor for London announced £130 million of one-off funding to ensure all school children at publicly funded primary schools in London can receive free school meals for the academic year beginning in September 2023. The funding allocation for Hammersmith & Fulham is funding for schools to implement the meal provision for children in Key Stage 2 who are not otherwise eligible for free school meals..	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Marcus Robinson Marcus.RobinsonCHS@lbhf.gov.uk	
Cabinet Member for Finance and Reform	February 2024	IT Service Desk Procurement Strategy and Award report IT Service Desk procurement	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Chaya Bandodkar Tel: 0208 753 2984 Chaya.Bandodkar@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet Member for Housing and Homelessness	February 2024	<p>Contract Award to Baily Garner for consultancy services relating to sprinkler system works.</p> <p>The Fire Safety Works team are required to undertake a 4 year programme of works to cover general fire safety remedial works such sprinkler retrofit and fire door replacement. These works are estimated to cost in the region of £15,000,000 to £20,000,000.</p> <p>To deliver this work programme, the client team need to instruct a competent consultant to be lead on: contract administration/building surveyor, cost control and construction and design management (CDM). To deliver the programme on schedule, we need to instruct this consultant by December 2023.</p> <p>We are therefore proposing a compliant direct contract award under the Southeast Consortium Consultancy Framework- LOT 11 'Multi-disciplinary services' to the 1st ranked bidder- Baily Garner. The contract value will be for up to £1,000,000, over a 4 year period.</p>	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Nick Marco-Wadey Tel: 07988490264 Nick.Marco-Wadey@lbhf.gov.uk	
Strategic Director of the Economy Department	Before 24 Feb 2024	<p>Procurement of a works contract for Commercial office block lobby fit-out (Civic Campus)</p> <p>The existing build contract is for shell and core only. Work is required to fit-out the lobby area.</p>	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Hammersmith Broadway Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
				the start of the 3-day call-in.
Strategic Director of the Economy Department	February 2024	Procurement of furniture for Ground to floor 5 of the Civic Campus As part of the transition of the workforce to the Civic Campus, furniture is required in order to allow the workforce to continue to deliver the services it currently does.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Hammersmith Broadway	
			Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2024	Approval to award contract for 6th Floor Terrace Landscaping Works (Civic Campus) The refurbishment of the Civic Campus building is currently underway. A contract is required to procure for the work on the roof garden, which will be on the 6th floor terrace.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Hammersmith Broadway	
			Contact officer: Philippa Cartwright Philippa.Cartwright@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Strategic Director of the Economy Department	February 2024	Procurement Strategy for the Linford Christie Changing room Demolition of Linford Christie Changing room and shower block and the provision of design, purchase and installation of six purpose-built WC, changing room and shower facility porta cabins for Linford Christie	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): College Park and Old Oak Contact officer: Sebastian Mazurczak Tel: 020 8753 1707 Sebastian.Mazurczak@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2024	Contract award for provision of disrepair and void works Contract award for the provision of disrepair works	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards Contact officer: Emma Lucas Tel: 07827883247 Emma.Lucas@lbhf.gov.uk	
Strategic Director of the Economy Department	February 2024	Procurement Strategy for Garage Refurbishment Approval for the strategy to procure a contractor to deliver the Phase 3 programme of refurbishment works to garages on housing land.	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital		Ward(s): All Wards Contact officer: Emma Lucas Tel: 07827883247 Emma.Lucas@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	up to 1.5m			Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Cabinet Member for Housing and Homelessness	February 2024	Contract Award to Effectable Construction Services for the provision of damp and mould works A direct contract award for the provision of Tier 1 and Tier 2 damp and mould works in council housing across the borough.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Emma Lucas Tel: 07827883247 Emma.Lucas@lbhf.gov.uk	
Cabinet Member for the Economy	February 2024	Four Sites - Appointment of Design Team Following the procurement process. This report will seek approval to appoint the design team for the four sites.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Sands End; Coningham; Walham Green Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet Member for the Economy	February 2024	Four Sites - Appointment of Control Team Following the procurement process. This report will seek approval to appoint the Control team for the four sites.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): Coningham; Walham Green; Sands End	
			Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk	
Cabinet Member for Children and Education	February 2024	Procurement Strategy for Voucher Payment Solution Procurement Strategy for the provision of closed loop supermarket vouchers	Cabinet Member for Children and Education	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Marcus Robinson Marcus.RobinsonCHS@lbhf.gov.uk	
Cabinet Member for the Economy	February 2024	The Public Mortuary - Replacement of Air Cooled Chiller and Boilers with Air Source Heat Pumps The works will include for the Replacement of the existing Air-Cooled Chiller, gas fired boilers and hot water heaters with Air Source Heat Pumps, upgraded Air Handling Units, controls and	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital		Ward(s): Sands End	
			Contact officer: Ethelbert Clarke ethelbert.clarke@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	between £1.5m and £5m	associated electrical works.		Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Cabinet Member for Finance and Reform	February 2024	<p>CONTRACT EXTENSION FOR VARIABLE DATA PRINTING SERVICES</p> <p>The Council's four-year contract for variable data print services ended on 30 November 2021. This contract included printing and mailing communications for several Council services, including revenues and benefits, housing and electoral services. These services continue to go through a programme of transformation, with a focus on improved digital delivery. A new two-year contract (with the option to extend for a further two years) was recommended to ensure short-term stability of service as this transformation is embedded and services focus on Covid recovery.</p> <p>The contract was awarded to the current supplier, (Financial Data Management Ltd) who had performed well throughout the contract and continues to actively support the council in the delivery of a wide range of business-critical services. As such, and to ensure ongoing service delivery, an extension of a further 2 years as per the terms of the contract awarded in Nov 2021, is considered to be the most efficient and economically advantageous solution. The extension of the contract will be on the same terms and conditions as the current contract, where costs are incurred based on actual service volumes.</p>	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Jamie Mullins Tel: 020 8753 1650 Jamie.Mullins@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		This provides for the opportunity to reduce printing and mailing costs as the Council expands its' programme of digitalisation across these service areas.		
Cabinet Member for Housing and Homelessness	February 2024	Procurement Strategy for Housing Lift Modernisation of Barton and Jepson House To maintain the lift service, it has been recommended that works to modernise the lift should be carried out. This will both improve the reliability of the lifts and reduce future running costs.	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Akeem Durojaye akeem.durojaye@lbhf.gov.uk	
Cabinet Member for Housing and Homelessness	February 2024	Procurement strategy and award report for the provision of materials for the Direct Labour Organisation A contract award to provide materials, tools and storage facilities for the general repairs and fire safety Direct Labour Organisations.	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Emma Lucas Tel: 07827883247 Emma.Lucas@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet Member for Public Realm	February 2024	Smart Transport - Traffic Data Procurement To procure Smart Transport to handle the Parking departments on-street data collection needs.	Cabinet Member for Public Realm	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards	
			Contact officer: Oscar Turnerberg Tel: 074 9854 2978 oscar.turnerberg@lbhf.gov.uk	
Strategic Director for the Environment	February 2024	Permit Procurement Award Report Award report for a new permit system within Parking	Cabinet Member for Public Realm	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Oscar Turnerberg Tel: 074 9854 2978 oscar.turnerberg@lbhf.gov.uk	
Cabinet Member for the Economy	February 2024	Strategy Report for Procurement of Energy - Flexible April 2025-2030 This strategy report requests approval for a new Energy Procurement for Housing Communal Landlord Supply & Corporate Properties for the period 2025-2030, as our current contracts are due to end 31st	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Affects 2 or more wards		Ward(s): All Wards	
			Contact officer: Sebastian Mazurczak, Kal Saini Tel: 020 8753 1707, Tel: 0208 753 7937	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		March 2025.	Sebastian.Mazurczak@lbhf.gov.uk, Kal.Saini@lbhf.gov.uk	Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Strategic Director of the Economy Department	February 2024	Procurement Strategy for a works contract for spandrel panel replacement and associated works on four high-rise blocks Approval of this procurement strategy is required to enable the continuation of a programme to replace insulated panels forming part of the external walls of buildings, either fixed to masonry or incorporated into window frames. The intent of such panels is to provide thermal insulation and aesthetics but in some cases, whilst units will have been compliant with Building Regulations at the time of installation, the fire safety of these panels cannot be guaranteed. In such cases the replacement with A1-rated units is the appropriate course of action.	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Fulham Reach; Ravenscourt; Lillie; Sands End Contact officer: Vince Conway Tel: 020 8753 1915 Vince.Conway@lbhf.gov.uk	
Cabinet Member for Housing and Homelessness	24 Feb 2024	Short-Term Contract Variation to Council Repairs Contract (LOT 3) This report is seeking approval to temporarily vary the Mears Central Repairs contract. This variation will involve allowing for additional temporary supervisory and administrative support as well as an enhancement on the current contract rates. The variation will involve cost changes totalling up to	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): All Wards Contact officer: Nick Marco-Wadey Tel: 07988490264 Nick.Marco-Wadey@lbhf.gov.uk	

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		£680,000. This will be a temporary variation for a 17-week period.		the start of the 3-day call-in.
Director Children's Services	February 2024	Award of the contract to refurbish 11 Mund St. to Mitre Construction Ltd. Contract award to refurbish 11 Mund St. Mitre Construction Ltd		A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): All Wards	
			Contact officer: Anthony Mugan Anthony.Mugan@lbhf.gov.uk	
Director Children's Services	February 2024	Award of the contract to refurbish Lena Gardens to Cuttles Construction Ltd Contract award for the refurbishment of the Lena Gardens primary school site to Cuttles Construction Ltd.	Cabinet Member for Children Services	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income above £300K - Revenue up to £500k and Capital up to 1.5m		Ward(s): Addison	
			Contact officer: Anthony Mugan Anthony.Mugan@lbhf.gov.uk	

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Strategic Director of the Economy Department	February 2024	Extension of housing caretaking contract Approval to award an extension to the current caretaking contract delivered on housing land by Pinnacle Ltd.	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards	
	Contact officer: Aylene Henry, Richard Shwe Aylene.Henry@lbhf.gov.uk, Richard.Shwe@lbhf.gov.uk			
Strategic Director of Finance	March 2024	Insurance Tender contract awards 2014 – 2029 This report sets out the recommended contract awards for the Councils Insurance programme for the following contracts: Property and Residential Leasehold Buildings for contract commencement date of 1 April 2024.	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards	
	Contact officer: Ray Chitty, Beverly Mills Tel: 07739 315 565, Ray.Chitty@rbkc.gov.uk, beverly.mills@rbkc.gov.uk			
Cabinet Member for Housing and Homelessness	22 Feb 2024	Contract Award Report: Procurement Strategy – Electrical Lateral Mains Upgrade Works (22 Blocks) A decision is required for the award of a contract to the identified winning bidder in relation to the Electrical Lateral Mains Upgrade Works (22 Blocks). The estimated budget for this contract	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and		Ward(s): All Wards	
	Contact officer: Nick Marco-Wadey Tel: 07988490264 Nick.Marco-Wadey@lbhf.gov.uk			

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	Capital between £1.5m and £5m	is £3,000,000.		Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
CABINET - 12 February 2024				
Cabinet	12 Feb 2024	FOUR YEAR CAPITAL PROGRAMME 2024/25 AND CAPITAL STRATEGY 2024/25	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	This report presents the Council's four-year Capital Programme	Ward(s): All Wards	
			Contact officer: Andre Mark Tel: 020 8753 7227 andre.mark@lbhf.gov.uk	
Cabinet	12 Feb 2024	CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2023/24 (THIRD QUARTER)	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	This report provides a financial update on the council's capital programme and requests approval for budget variations to the capital programme.	Ward(s): All Wards	
			Contact officer: Andre Mark Tel: 020 8753 7227 andre.mark@lbhf.gov.uk	

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Cabinet	12 Feb 2024	REVENUE BUDGET AND COUNCIL TAX LEVELS 2024/25 Proposals for the Council's revenue budget and council tax levels for 2024/25	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
	Contact officer: Andre Mark Tel: 020 8753 7227 andre.mark@lbhf.gov.uk			
Cabinet	12 Feb 2024	Treasury Management Strategy Statement This report sets out the Council's Treasury Management Strategy for 2024/25	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Budg/pol framework		Ward(s): All Wards	
	Contact officer: Sukvinder Kalsi Sukvinder.Kalsi@lbhf.gov.uk			
Cabinet	12 Feb 2024	HOUSING REVENUE ACCOUNT (HRA) BUDGET FOR 2024/25 This report sets out the HRA budget proposals for the financial year 2024/25.	Cabinet Member for Finance and Reform and Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Affects 2 or more wards		Ward(s): All Wards	
	Contact officer: James Newman, Andre Mark Tel: 020 8753 7227			

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			james.newman@lbhf.gov.uk , andre.mark@lbhf.gov.uk	Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Cabinet	12 Feb 2024	Insurance Tender 2014 – 2029 This report sets out the recommended contract awards for the Councils Insurance programme for the following contracts: Property, Combined Liability, Leasehold Buildings, Directors & Officers, Terrorism, Motor, Crime , Personal Accident & Travel, School Journey insurances and associated Engineering Inspection services for contract commencement date of 1 April 2024. PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Ray Chitty, Beverly Mills Tel: 07739 315 565, Ray.Chitty@rbkc.gov.uk, beverly.mills@rbkc.gov.uk	
Cabinet	12 Feb 2024	Strengthening Education Provision in Hammersmith and Fulham This paper summarises the education provision across Hammersmith and Fulham including the present situation in terms of falling rolls.	Cabinet Member for Children and Education	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Peter Haylock Peter.Haylock@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
				Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
CABINET - 4 March 2024				
Cabinet	4 Mar 2024	Parking Strategy The purpose of this document is to identify key proposals which will support the ever changing demands of parking within the borough. They are designed to improve resident's, visitors, and businesses' experience of travel within the borough.	Cabinet Member for Public Realm	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Mark Fanneran mark.fanneran@lbhf.gov.uk	
Cabinet	4 Mar 2024	Investing in New Affordable Homes in Fulham Acquiring new homes in Kings Road Park	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income - Revenue between £500,000 and £5m and Capital between £1.5m and £5m		Ward(s): Sands End Contact officer: Matthew Rumble matt.rumble@lbhf.gov.uk	

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Cabinet	4 Mar 2024	School Budget (Dedicated Schools Grant) 2024/25 To approve the schools budget funding formula for allocating resources to H&F schools for the financial year 2024/25	Cabinet Member for Children and Education	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards	
			Contact officer: Tony Burton tony.burton@lbhf.gov.uk	
Cabinet	4 Mar 2024	Early Years Dedicated Schools Grant Budget 2024/25 To approve the Early Years Dedicated Schools Grant budget for the financial year 2024/25	Cabinet Member for Children and Education	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards	
			Contact officer: Tony Burton tony.burton@lbhf.gov.uk	
Cabinet	4 Mar 2024	Pan London Housing Compact commitments to young people leaving care This report recommends adopting the guiding principle that care leavers up to the age of 25 should, if possible, be found as being in 'priority need' under homelessness legislation	Cabinet Member for Children and Education	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Expenditure/Income over £5m & policies or new income, reserves use,		Ward(s): All Wards	
			Contact officer: Sophie Veitch Tel: 07876855124 sophie.veitch@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	overspend over £300K	and that, if possible, no care leaver up to the age of 25 should be found intentionally homeless.		Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Cabinet	4 Mar 2024	Becoming a Partner of the Care Leaver Covenant Becoming a Partner of the national Care Leaver Covenant demonstrates our commitment to going beyond our statutory duty in supporting the young people leaving our care. As a partner, we will work as a whole Council alongside the Care Leaver Covenant to engage local businesses, community organisations and other partner services, building an enhanced localised offer for our care leavers and supporting them to become healthy, thriving adults.	Cabinet Member for Children and Education	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Budg/pol framework		Ward(s): All Wards Contact officer: Sophie Veitch Tel: 07876855124 sophie.veitch@lbhf.gov.uk	
Cabinet	4 Mar 2024	Procurement Strategy for Cleaning Services on Housing Land Competitive procurement exercise to appoint a contractor to carry out cleaning services in communal and shared areas on housing land.	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/ income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards Contact officer: Emma Lucas Tel: 07827883247 Emma.Lucas@lbhf.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet	4 Mar 2024	Civic Campus Commercial Leasing Strategy	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	<p>This report seeks approval of the commercial leasing strategy for entering into leases with proposed tenants of all of the refurbished and newly built commercial premises on the Civic Campus.</p> <p>PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Ward(s): All Wards</p> <p>Contact officer: Philippa Cartwright, Denise McEnery</p> <p>Philippa.Cartwright@lbhf.gov.uk, Denise.McEnery@lbhf.gov.uk</p>	
CABINET - 15 April 2024				
Cabinet	15 Apr 2024	‘In principle’ approval of WOS contract with a value of up to £14m	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K	<p>Cabinet is asked for ‘in principle’, approval to award Works / Optimisation Service (WOS) contracts for retrofitting and decarbonising HF Council properties with a total spend up to the value of £14m and to delegate approval for the awards to the Strategic Director of the Economy or the Strategic Director of Finance.</p>	<p>Ward(s): All Wards</p> <p>Contact officer: Sebastian Mazurczak Tel: 020 8753 1707 Sebastian.Mazurczak@lbhf.gov.uk</p>	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet	15 Apr 2024	Delivering Affordable Homes on Old Laundry Yard This report details the agreement to secure affordable homes on the site known as Old Laundry Yard.	Cabinet Member for the Economy	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): Shepherds Bush Green	
	Contact officer: Matthew Rumble matt.rumble@lbhf.gov.uk			
Cabinet	15 Apr 2024	Digital Inclusion Strategy This report presents a new Digital Inclusion Strategy for the borough, which has been co-produced with council directorates and residents. Residents and voluntary and community sector (VCS) partners have been actively engaged and shaped the strategy through the Digital Accessibility Group.	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Budg/pol framework		Ward(s): All Wards	
	Contact officer: Tina Akpogheneta Tel: 020 8753 5748 Tina.Akpogheneta@lbhf.gov.uk			
Cabinet	15 Apr 2024	Procurement Strategy for Mental Health Supported Housing Procurement strategy for our mental health supported housing in borough contracts. PART OPEN PART PRIVATE	Deputy Leader	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet
	Reason: Expenditure/Income over £5m & policies or new income, reserves use,		Ward(s): All Wards	
	Contact officer: Michele Roberts, Julius Olu, Rebecca Richardson Tel: 020 8834 4734, Tel:			

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	overspend over £300K	Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	0208 753 8749, Tel: 07827879659 Michele.Roberts@lbhf.gov.uk, Julius.olu@lbhf.gov.uk, rebecca.richardson@lbhf.gov.uk	Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
Cabinet	15 Apr 2024	Hate Crime Strategy 2024-2028 This report will present a new Hate Crime Strategy for Hammersmith and Fulham	Cabinet Member for Social Inclusion and Community Safety	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Beth Morgan, Laura Seamons Tel: 020 8753 3102, Tel: 07786965292 beth.morgan@lbhf.gov.uk, laura.seamons@lbhf.gov.uk	
Cabinet	15 Apr 2024	2023/24 Corporate Revenue Monitor - Month 9 (December 2023) To note the Council's financial forecast position	Cabinet Member for Finance and Reform	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Andre Mark Tel: 020 8753 7227 andre.mark@lbhf.gov.uk	

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				the start of the 3-day call-in.
Cabinet	15 Apr 2024	Retrofit Strategy The Retrofit Strategy will provide H&F with a detailed understanding of the required approach to achieve net zero carbon emissions by 2030 on the HRA stock.	Cabinet Member for Housing and Homelessness	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
	Contact officer: Rehan Khan rehan.khan@lbhf.gov.uk			
CABINET - 15 July 2024				
Cabinet	15 Jul 2024	Grant Strategy for the launch of the Third Sector Investment Fund (3SIF) Analyses options for the future of funding to the local Voluntary and Community Sector (VCS) via the Third Sector Investment fund (3SIF).	Cabinet Member for Social Inclusion and Community Safety	A detailed report for all decisions going to Cabinet will be available at least five working days before the date of the meeting. Cabinet Member Decisions and Officer Decisions reports will be published at the start of the 3-day call-in.
	Reason: Expenditure/Income over £5m & policies or new income, reserves use, overspend over £300K		Ward(s): All Wards	
	Contact officer: Katharina Herrmann, Rebecca Richardson Tel: 07827879659 Katharina.Herrmann@lbhf.gov.uk, rebecca.richardson@lbhf.gov.uk			