

# Housing and Homelessness Policy and Accountability Committee Agenda

Tuesday 30 January 2024 at 7.00 pm

145 King Street (Ground Floor), Hammersmith, W6 9XY

Watch the meeting live: [youtube.com/hammersmithandfulham](https://youtube.com/hammersmithandfulham)

## MEMBERSHIP

Administration	Opposition
Councillor Jacolyn Daly (Chair) Councillor Paul Alexander Councillor Asif Siddique Councillor Sally Taylor	Councillor Adronie Alford

**CONTACT OFFICER:** Debbie Yau  
Committee Coordinator  
Corporate Services  
E-mail: [Debbie.Yau@lbhf.gov.uk](mailto:Debbie.Yau@lbhf.gov.uk)  
Web: [www.lbhf.gov.uk/committees](http://www.lbhf.gov.uk/committees)

This meeting is open to the public and press. The building has disabled access.

Residents with an interest in any of the items on the agenda are encouraged to attend and participate in the discussion. If you can't attend in person, you can join remotely. If you would like to attend, please contact: [Debbie.Yau@lbhf.gov.uk](mailto:Debbie.Yau@lbhf.gov.uk)

Date Issued: 22 January 2024  
Date Updated: 23 January 2024

# Housing and Homelessness Policy and Accountability Committee

## Agenda

30 January 2024

<u>Item</u>		<u>Pages</u>
1.	<b>APOLOGIES FOR ABSENCE</b>	
2.	<b>DECLARATIONS OF INTEREST</b> <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>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>	
3.	<b>MINUTES</b> <p>To approve the minutes of the meeting held on 14 November 2024.</p>	4 - 30
4.	<b>2024 MEDIUM TERM FINANCIAL STRATEGY</b> <p>This report provides an update on the overall preparation and proposals for the 2024/25 revenue budget, risks, financial resilience, and the impact of those proposals.</p> <p>This report also sets out the budget proposals for the services covered by this Policy and Accountability Committee. An update is also provided on any proposed changes in fees and charges in the budget.</p>	31 - 52
5.	<b>HOUSING REVENUE ACCOUNT BUDGET 2024/25</b> <p>A slide presentation on the Housing Revenue Budget 2024/25 and its Business Plan will be delivered at the meeting.</p>	

**6. DATE OF NEXT MEETING**

To note the date of next meeting on 26 March 2024.

# Agenda Item 3

London Borough of Hammersmith & Fulham

## Housing and Homelessness Policy and Accountability Committee Minutes



Tuesday 14 November 2023

### **PRESENT**

**Committee members:** Councillors Jacolyn Daly (Chair), Paul Alexander, Asif Siddique and Adronie Alford

**Other Councillors:** Councillors Frances Umeh (Cabinet Member for Housing), Wesley Harcourt (Cabinet Member for Climate Change and Ecology) and Ann Rosenberg

### **Officers:**

Jon Pickstone (Strategic Director for the Economy)  
Richard Shwe (Director of Housing)  
Roy Morgan (Assistant Director of Housing Management)  
John Hayden (Assistant Director of Repairs)  
Colette Prior (Head of Complaints and Disputes Resolution)  
Robert Kyle (Sustainability Asset Manager)  
Matt Rumble (Strategic Head of Area Regeneration)  
Tim Pryce (Climate Emergency - Energy Lead)  
Esther Harris (Fuel Poverty and Energy Efficiency Lead)  
Debbie Yau (Committee Coordinator)

### **Guests:**

Helen Dell (Climate Change Commissioner)  
Adeola Fadipe (Resident)  
Marie Thomas (Resident)

### **1. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Sally Taylor.

### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3. MINUTES**

The minutes of the meeting held on 25 July 2023 were agreed to be accurate.

### **4. HOMELESSNESS PREVENTION UPDATE**

Jon Pickstone (Strategic Director for the Economy) addressed the Committee. He set out that core issues raised by the three papers (homelessness, complaint management in housing services, and retrofitting housing stock) were common across local authorities. Jon explained that H&F's approach to each issue was founded in partnership, across and beyond the council.

In introducing the homelessness prevention paper, Jon noted that the number of people housed in temporary accommodation in London was increasing as was the number of rough sleepers. Jon also outlined Local Government Association reporting that spending by councils on temporary accommodation had reached a record high in England placing financial pressures on many local authorities.

Roy Morgan (Assistant Director of Housing Management) provided an overview of Homelessness Prevention services within London Borough of Hammersmith and Fulham (H&F), including the four teams providing homelessness prevention services, demand for housing services, prevention of homelessness service offer, and benchmarking exercise.

The Chair asked about the comparison between the actual number of homelessness approaches in 2023/24 and the forecast of the same made in November 2022. Roy Morgan remarked that there was a greater demand involving more complex cases some of which were related to mental health. The housing market also faced greater challenges due to rising cost of living as a result of the high interest rates and CPI.

Responding to the Chair's further question on the teams' coping strategies, Roy Morgan advised that with additional resources, 6 more fixed-term contract staff were engaged to help frontline free up the stock-up case management. A couple of additional case handlers were appointed to deal with assessment to clear the backlogs which had dropped from 249 cases in the summer to the current 150. He remarked that the jobs were demanding and many other authorities were facing the same workforce challenges. To enhance staff resilience, service realignment would be carried out next year to prepare for growth in demand and capacity.

Jon Pickstone advised that the Housing Service, in consultation with Councillors Umeh and Ree, was working closely with the Finance team on an evidence-based approach around budget assessment and resources allocation from the General Fund for 2024/25, including keeping abreast of the wider situation in terms of homelessness and temporary accommodation across London.

Noting the demand for housing services had peaked at the months of June and July (page 14), Councillor Adronie Alford asked about the situation from this September onward. Roy Morgan said that he did not have the data at hand but the trend was steady in the past few months.

Councillor Alford referred to three different homelessness cases she had handled this week and believed that the Council might not have stressed to these residents that by leaving the property before the eviction or the serving of the eviction notice, they had made themselves “intentional homeless”. The message of completing the due process did not seem to be getting through. Roy Morgan trusted that the Housing team must have stressed the importance for them to stay until eviction and they should get the same assurance from the Citizen Advice. In reply to her further question, Roy advised that the residents in the case studies (pages 16 & 17) remained in the same accommodation after the Council resolved their cases.

Richard Shwe commended the work of Citizen Advice and H&F Law Centre which provided valuable assistance to residents to prevent them from becoming homeless.

The Chair asked whether the Homelessness Reduction Act 2017 which put prevention of homelessness on a statutory footing had changed the approach to residents. Roy Morgan confirmed that it had as the requirement gave the Council the opportunity to prevent their homelessness by giving them the required support.

Councillor Asif Siddique asked about the response time to homelessness approach. Roy Morgan noted that it was a statutory duty for officers to deal with homelessness once a case was received. After fact-checking and understanding the root cause of the homeless situation, the Housing team would provide a range of preventative interventions such as enabling residents to stay within their existing accommodation or move on to properties within the Private Rental Sector.

For residents under the “intentional homeless” situation as raised by Councillor Alford, Roy Morgan said that the Housing team would see whether the residents could stay with immediate family/close friends, and having assessed their employment/benefit entitlement, signpost them to private rental schemes or arrange temporary accommodation for them. Sometimes, they might need to be placed outside the borough due to the lack of suitable property in H&F. Addressing Councillor Siddique’s concern about out-of-borough placement for family with members and children working and studying within the borough. Roy Morgan highlighted the pressure on demand for H&F properties, particularly those with 3 beds or more. Unfortunately, the Council had to offer accommodation outside of the borough. At the request of Councillor Siddique, Roy agreed to provide a demographic breakdown of homelessness approaches received in the current year.

**NOTE: The breakdown provided by officer is attached in Appendix 1**

Councillor Paul Alexander considered it helpful to convey a message on housing in H&F to give borough residents a sense of hope. Richard Shwe (Director of Housing) assured that the Housing team spared no effort in putting the residents first by tackling homelessness issues together, speaking with private landlords, utilising the Council's housing stock etc. Jon Pickstone highlighted that over the longer-term, the Council would be building more homes, including more affordable family-sized homes and would also be considering through planning policy how to increase the numbers of affordable family-sized homes in the borough for which demand was particularly acute.

Councillor Alexander was concerned why the private rented sector in H&F could not meet the demand. Roy Morgan noted that rental in the borough was extremely high, with one bed could be as high as, say, £2,000 pcm. In addition to expensive rent, private landlords were more willing to let privately than getting referral from the Council. As such, it was more cost-effective to work with private landlords outside of the borough. He added that some households had already been assisted by Discretionary Housing Payments in securing landlord/tenant negotiation successfully hence preventing from becoming homeless. Jon Pickstone noted that Local Housing Allowance only covered rents towards the cheaper end of the private rented sector and that some private landlords had exited the market due to changes in economic, financial, and regulatory conditions.

The Chair expressed concern about the standards of temporary accommodation. Richard Shwe advised that the Assistant Director of Housing Standards had raised the relevant issues with all registered landlords, covering both public and private housing, for follow up in the next 12 to 18 months.

Councillor Siddique asked about the possibility for the Council to claim possession of long-vacated properties and put them for more useful purpose. Richard Shwe remarked that it was an area requiring urgent changes as called upon by local authorities throughout the nation. Unfortunately, it did not seem the central government was going to change its way of doing things.

Councillor Frances Umeh (Cabinet Member for Housing) thanked officers' presentation about the short-, medium- and long-term measures devised to tackle the rising trend of homelessness. She appreciated the tailored support offered to prevent homelessness in face of so many challenges, including the soaring rent, the frozen of local housing allowance since 2020 and the rising cost of living.

Councillor Wesley Harcourt (Cabinet Member for Climate Change and Ecology) said that he was a trustee of a local Citizen Advice. He noticed the recent surge of application for advice on homelessness resultant from a recent change to Section 21 Eviction Notice and asked about the way forward for H&F. Roy Morgan undertook to look at the impacts of the change and revert.

**ACTION: Roy Morgan**

### **Question from the floor**

In reply to the question of Adeola Fadipe, LBHF resident, John Hayden (Assistant Director of Repairs) gave an account on the position of Council's voids and the actions taken, timeframe and personnel involved in turning them over to decent home standards. On what had been done to deal with residents under-occupying properties, Roy Morgan said that officers in housing and temporary accommodation teams who had noted the situation during regular home visits would encourage the households concerned to consider downsizing to smaller accommodation. Adeola Fadipe pointed out that a single parent with a child under 18 on the housing register waiting for a 2-bed might be entitled to one bed once the child turned 18, with the adult dependent living with the parent becoming literally homeless. She and Roy then exchanged views on housing allocation policy and the Council's statutory duty to prevent homelessness.

### **RESOLVED**

That the Committee noted and commented on the report.

## **5. COMPLAINTS MANAGEMENT IN HOUSING SERVICES**

Colette Prior (Head of Complaints and Disputes Resolution) provided an outline of the complaints management in Housing Service, including issues and complaint escalation, regulatory scrutiny and findings, initiation of change and service redesign, the Housing Hub, the Complaints & Disputes Resolution Team, organisation chart, complaints' performance and process, and next steps. Members noted that H&F Policy stated that a response would be made to a Stage 1 complaint within 15 working days, which would be reduced to 10 days if the complaint fell under the Housing Ombudsman's jurisdiction.

Councillor Adronie Alford said she was delighted to see this programme, however, there were still a lot of complaints that went wrong. She was concerned when the complaints mistakes could be stopped from happening. In response, Richard Shwe (Director of Housing) remarked that complaints were always there. He highlighted that the Housing Ombudsman had been referring other local authorities and his teams to exchange views with each other on issues of common concerns. A dedicated Complaints and Disputes Resolution Team had been set up to handle all housing-related complaints and deliver one-stop services through the Housing Hub. All these helped to show that H&F was making improvements in complaints and disputes resolution.

Councillor Alford said she wanted to see that the officers in the dedicated team had learnt to address and resolve the complaints straight away as long-term cases never seemed to get results. Jon Pickstone (Strategic Director for the Economy) acknowledged that there had been backlog of repairs in H&F but that the number of outstanding repairs cases, including aged cases, had been substantially reduced in recent months. The Housing team was working systematically to ensure the repairs were done more punctually and to a higher quality with improved customer care. Couple with the reduction in age



profile of outstanding repairs, this should result in fewer complaints being made. The more focused approach to complaint-handling was improving the quality and timeliness of response once a complaint had been made.

Councillor Paul Alexander appreciated that the Housing team was making positive result. He sought further elaboration about enhancing communication among residents, upgrading record keeping and collaborating by regular in-service audits under the Resident-Centric Approach.

Colette Prior noted that sometimes, residents in Housing Ombudsman cases were not updated regularly. As there were occasions where the repairs target might not line up with the Housing Ombudsman complaint-handling code, the officer would monitor the situation after giving out the timely response until there was a result. At the point of closing the complaints, the residents would be asked how and how often they wanted to be updated. Richard Shwe supplemented that under the Resident-Centric Approach, officers would understand the needs of residents and offer alternative options for things that could not be changed. H&F had also implemented Tenant Satisfaction Measures under the Social Housing (Regulation) Act 2023. The repairs undertaken last month had achieved a satisfaction score of 78% reflecting residents were happy with the repairs service quality.

Councillor Asif Siddique appreciated the establishment of the one-stop Housing Hub. It was also excellent for the Team to achieve a 0% overdue in late September down from 67% in mid-June.

Noting that a feedback loop would continue to operate to communicate Ombudsman findings to relevant teams to foster continuous service improvement, the Chair asked how closely the repairs team and disputes team could work and loop feedback to each other. John Hayden (Assistant Director of Repairs) said his team and the dispute team worked hand in hand. He then explained how the two teams worked through the Stage 1 and Stage 2 process and briefed members on the plan and what to expect in the new year. Richard Shwe highlighted the benefits of co-location with the right trade people in expediting the repairs cases and the resident-centric approach focusing on their needs in delivering quality services.

## **RESOLVED**

That the Committee noted and commented on the report.

## **6. GREENING OF THE HOUSING STOCK**

Matt Rumble (Strategic Head of Area Regeneration) briefed members that Hammersmith and Fulham's council housing accounted for 83% of the organisation's operational emissions and 8% of total borough emissions. Greening the housing stock was therefore important to address the problem of emissions and a 'Retrofit Strategy' was currently being developed that would go alongside the stock conditions survey, both of which shall come under the Asset Management Strategy.

Robert Kyle (Sustainability Asset Manager) outlined the background pertaining to greening of the housing stock, and how this would impact

council policy, including adopting a Fabric First approach to increase the energy efficiency of H&F homes and transitioning to low carbon heating as part of the retrofit strategy.

Tim Pryce (Climate Emergency - Energy Lead) gave a detailed account of the Clean Heat Masterplan which set out a pathway for lowest cost low carbon heat across the borough, including social housing stock. In many cases, heat networks were likely to be the best low carbon heating solution, and these needed detailed planning over several years, public or private finance and significant changes to Planning policy to be rolled out effectively.

Esther Harris (Fuel Poverty and Energy Efficiency Lead) informed the meeting about fuel poverty in social housing, and detailed how the H&F Fuel Poverty Strategy would support residents struggling with the cost of heating their homes. The strategy focused on 4 key action areas: increasing reach, addressing inequalities, maximising resources and supporting households. She then highlighted the actions planned for the next year, including increased engagement and an energy efficiency scheme over winter, and outlined how retrofit supported the strategy.

Matt Rumble and Robert Kyle introduced the adaptation of council's stocks, steps to be taken, and new pilot homes in Lillie Road and Farm Lane.

**NOTE: Officers' presentation is attached as Appendix 2**

The Chair thanked officers' presentations. While it was pleased to note about the actions to be taken in tackling fuel poverty, she was concerned about the cost of saving carbon through the low carbon heat networks. Tim Pryce remarked that one of the biggest advantages of heat networks and heat decarbonisation was they were likely to be the cheapest option, not to mention cheaper than using individual heat pumps. Esther Harris stressed that this needed to be done after the fabric works carried out to reduce demand for heat.

On the impact of having fabric first works only as raised by the Chair, Robert Kyle said in that case, the Council might not be able to hit the target. While fabric works might help reduce the heat demand of the buildings, the use of gas boilers and cookers in H&F homes would continue using fossil fuels.

Councillor Paul Alexander asked about the procurement systems and vehicles to be deployed to deliver this project. Robert Kyle responded that he believed the capital delivery team was the most efficient vehicle to address the retrofit need and upgrade the Council stocks at the required scale and pace. Another vehicle was to embedding retrofit works in current capital programmes to upgrade the energy efficiency of individual properties, including void units.

Councillor Alexander further enquired about the types of council properties to be involved in the greening project such as street properties and those at Gap sites and Council estates. He pointed out that one third of Council's housing stocks involving leaseholders were least energy efficient and some residents might just want selected initiatives and not the others.

John Hayden (Assistant Director, Housing Repairs) remarked that it might be easier to carry out fabric works for Council's estates than individual street properties. The capital delivery team had to liaise with and convince leaseholders that the benefits of energy efficient homes outweighed the inconvenience caused by the retrofit works. On Councillor Alexander's follow up question about possible legal and financial implications, Richard Shwe (Director of Housing) stressed that the project would be taken forward on a co-production basis.

Councillor Asif Siddique was concerned about the timeline of the project given the Council's target was to achieve net zero carbon emissions by 2030. He asked about the review and consultation, if any, to be carried out during the retrofit works. Matt Rumble highlighted that the Retrofit Strategy covered a broad area and H&F was in the middle of the timeline. Having analysed the archetype of the Council's stocks and understood individual retrofit requirements, the Council's consultant was looking at the best procurement route. He undertook to brief the Committee again in the new year on other policy implications of this strategy.

**ACTION: Matt Rumble**

In reply to the Chair's question about the impact of the £5 million green investment on greening the housing stock projects, Councillor Wesley Harcourt (Cabinet Member for Climate Change and Ecology) remarked that the Green Investment Scheme of £5 million would be launched soon to fund individual projects to be engaged. He highlighted the competitiveness of government funding and commended the hard work of the small team in enabling the project to secure multiple grants. The Retrofit Strategy was a massive project and the Head of Finance (Environment) was exploring other ways of generating more incomes to fund it. He agreed that decarbonisation should at the same time ease the pressure of the cost of living. It was also imperative to adapt H&F's homes to overheating, flooding and drought risks ensuring them subject to lower risk to climate change impacts over a longer term.

Helen Dell (Climate Change Commissioner) echoed that the subject under discussion entailed complex, wide-ranging and overwhelming issues and this dedicated and brilliant team had not only dealt with the problem by fabric first but taken steps to plan strategically and address fuel poverty. While the project team was facing the imminent 2030 target and big financing challenges, she was confident in the inspiring team and believed that things would work out as planned.

Councillor Siddique expressed his appreciation to the strenuous efforts made by the team. He reiterated his concern for a platform where the residents could learn about the progress of the projects and provide feedbacks. In relation to the retrofit works, Robert Kyle said that since 2019, residents had been engaged on ways to adapt their homes for a changing climate. Forums had been held to gauge the views of leaseholds on their expected outcomes and views such as affordable warm homes as relayed by Councillor Alexander earlier were received. He noted that once the approach was

finalised, residents would then be consulted on their preference in taking forward the retrofit strategy.

### **Question from the floor**

In reply to the question of Marie Thomas, H&F resident about C-standard, Robert Kyle explained that the EPC-C was Energy Performance Certificate – Level C. It was related to the cost of running the property and linked to energy efficiency as well. The Council aimed to achieve EPC-B across H&F.

Marie Thomas expressed residents' preference of replacing windows and repairing roofs to installing entry phones. Robert Kyle noted that they were part of the capital programmes. Richard Shwe highlighted the stock conditions survey which would help identify the areas of need, draw up the Asset Management Strategy and arrange associated works for roofing and window after securing the capital funding.

### **RESOLVED**

That the Committee noted and commented on the report.

## **7. DATE OF NEXT MEETINGS**

The Committee noted the dates of next meetings:

- 30 January 2024
- 26 March 2024

The Chair said that the following items would be considered at the meeting:

- Medium Term Financial Strategy
- Housing Revenue Account Budget
- Housing Ombudsman
- Private Rented Sector Policy

Meeting started: 7.00 pm  
Meeting ended: 9.24 pm

Chair: .....

**Contact officer**     Debbie Yau  
Committee Coordinator  
Corporate Services  
E-mail: [Debbie.yau@lbhf.gov.uk](mailto:Debbie.yau@lbhf.gov.uk)

Appendix 1: Demographic breakdown of homelessness approaches in 2023

Appendix 2: Greening of the housing stock presentation

## Housing and Homelessness Policy and Accountability Committee

### Follow-up to meeting on 14 November 2023

At the meeting, officers were requested to provide a demographic breakdown of homelessness approaches received in the current year.

The following data are taken from the Locata Approaches and covers the approaches for calendar year 2023 in respect of all case types: Decision, Final Duty, Prevention, Relief and Triage.

#### Approaches by Sex

Count of Caseld Sex	Calendar Year		% of Total (No NULLS)
	2023	% of Total	
Female	1211	38.6%	47.8%
Male	1271	40.5%	50.2%
Transgender (Retired)	3	0.1%	0.1%
Not Known / Other / Prefer not to say	49	1.6%	1.9%
NULL	605	19.3%	-
<b>Grand Total</b>	<b>3139</b>		

#### Age at Approach

Count of Caseld Row Labels	Column Labels	
	2023	% of Total
18 years and under	51	1.6%
18 to 24	420	13.4%
25 to 34	944	30.1%
35 to 44	792	25.2%
45 to 54	510	16.2%
55 to 64	274	8.7%
65 or over	146	4.7%
#N/A	2	0.1%
<b>Grand Total</b>	<b>3139</b>	

### Approach by Ethnicity

Count of Caseld	Column Labels		
Row Labels	2023	% of Total	% of Total (No NULLS)
White: English/Welsh/Scottish/Northern Irish/British/Irish/Other	325	10.4%	34.4%
Black/ African/Caribbean/Black British/Other	250	8.0%	26.5%
Asian/Asian British: Bangladeshi/Chinese/Indian/Pakistani/Other	96	3.1%	10.2%
Mixed/Multiple ethnic groups	107	3.4%	11.3%
Any other ethnic group	149	4.7%	15.8%
Don't know / refused	18	0.6%	1.9%
NULL	2194	69.9%	-
<b>Grand Total</b>	<b>3139</b>		

### Approach by Household Code

Count of Caseld	Column Labels	
Row Labels	2023	% of Total
Family	724	23.1%
Single	2415	76.9%
<b>Grand Total</b>	<b>3139</b>	

13 December 2023



# Greening the housing stock

Housing and Homelessness Policy  
and Accountability Committee

14.11.23



# Background

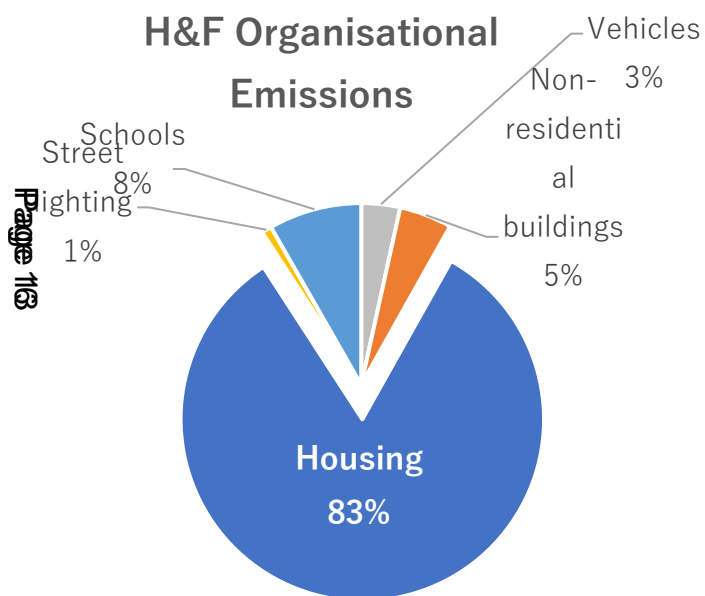
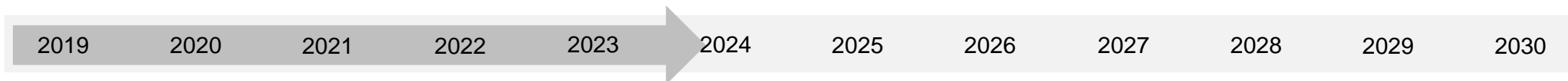
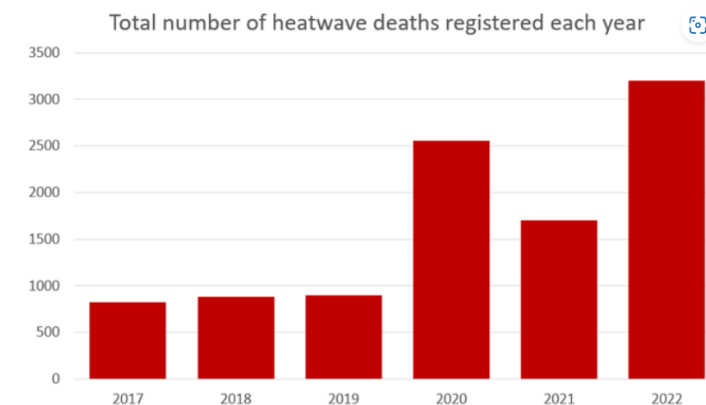


Figure 6 - Graphic demonstrating the government's fuel poverty targets for England

H&F's housing stock accounts for **over 3/4** of H&F's organisational carbon emissions

As of 2020 it is estimated that **13.2%** of households in England are fuel poor



Heat related deaths are **increasing** in the UK and around the world





# How will this impact council policy?

Drive **energy efficiency** of the building stock, considering a fabric first approach



How best to transition to **low carbon heating**

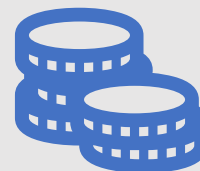


## Retrofit Strategy

Develop a plan to starting **adapting** the stock for a changing climate

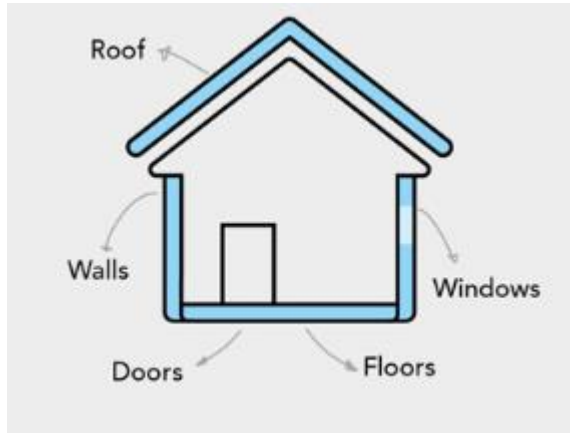


A key enabler to support deliver the **fuel poverty strategy**





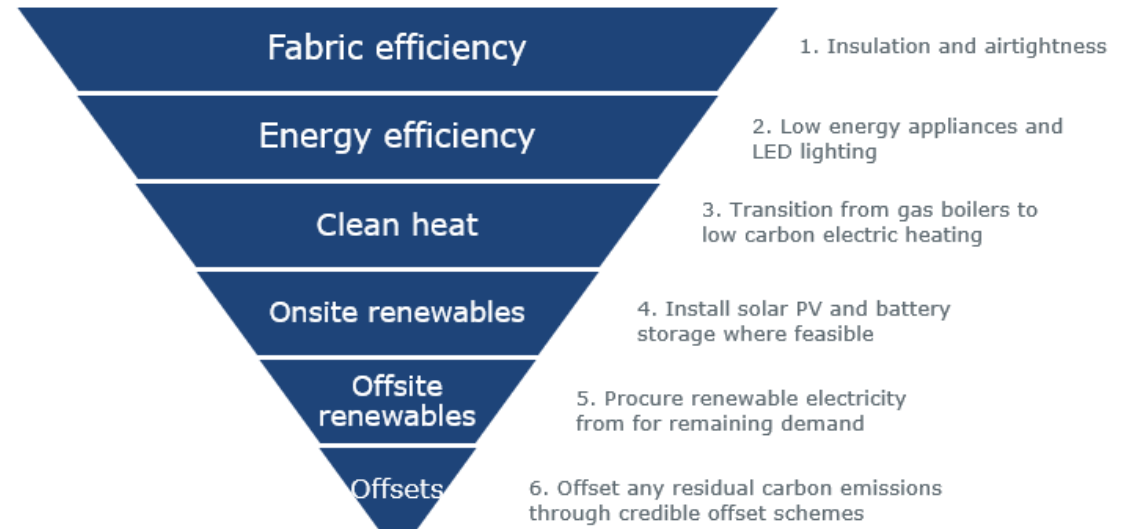
# Energy efficiency



**Fabric First** is an approach to retrofitting homes that aims to reduce demand for heat and power as far as possible, through insulation and airtightness combined with adequate ventilation.

- Focus on reducing the heat demand of the building (over 60% of energy in a home is used for space heating).
- Reduces carbon and saves tenants energy bills, supporting fuel poverty.
- Once building is thermally efficient, it will be ready for low carbon heating.

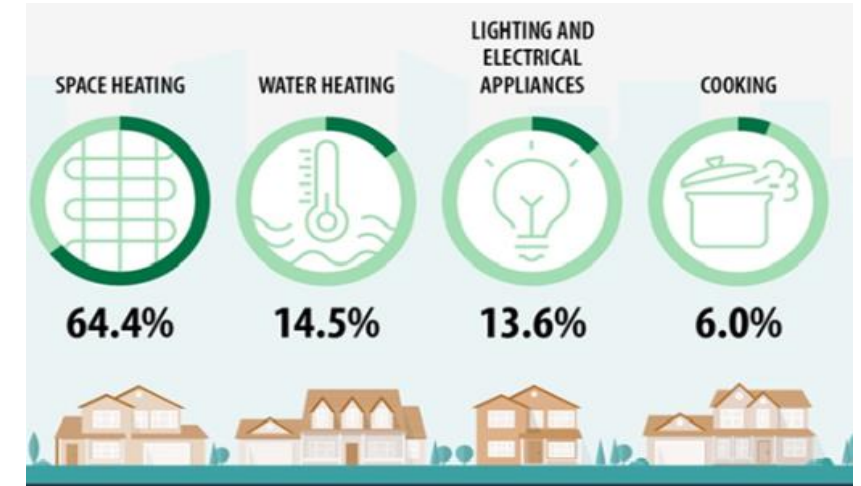
## *Energy hierarchy*





# Low carbon heating

- Space heating and hot water account for 79% of emissions.
- Changing the heating source is necessary to decarbonise.
- Solutions: electrifying heat or sharing low carbon heat.
- Currently H&F housing is predominantly heated using gas.



Air source heat pump



Heat networks



# A fabric first policy



Transitioning to low carbon heating accounts for 75% of the cost of decarbonization.



If not well insulated an electrically heated building will increase energy bills.



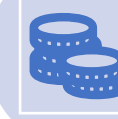
Air source heat pumps and district heating work most efficiently in well insulated buildings.



Fabric first will result in reduced emissions and support fuel poverty.



70% of H&Fs boilers do not reach the end of their useful for five years.



Government grant funding is largely focussed on fabric



# Clean Heat Masterplan

---

## Lowest cost low carbon heat

H&F completed a heat masterplan with RBKC and the GLA in 2023. Study carried out economic modelling to ascertain the potential for heat networks in H&F and K&C.

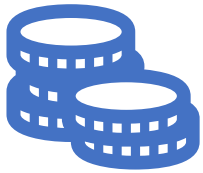
- In most of H&F, heat networks, such as that on the new Civic Campus, are likely to be a **more cost-effective solution for low carbon heat** than individual heat pumps on each building.
- Areas of the borough with particularly high potential include:
  1. Area around Earls Court, including the West Ken estate (can be extended into RBKC)
  2. White City/ Shepherds Bush
  3. Hammersmith Town Centre.
- Many of the **larger H&F housing estates**, including White City, Bayonne, Edward Woods and Charecroft, are good candidates for heat networks using heat from sources such as air, ground, aquifer, river and sewers.
- H&F has won £120k funding from the GLA to carry out detailed design for a **low carbon heat network at Bayonne (aka Brecon) estate. Earls Court and OPDC also developing heat networks** which e.g. West Kensington, Gibbs Green, White City Estate could connect to in time.



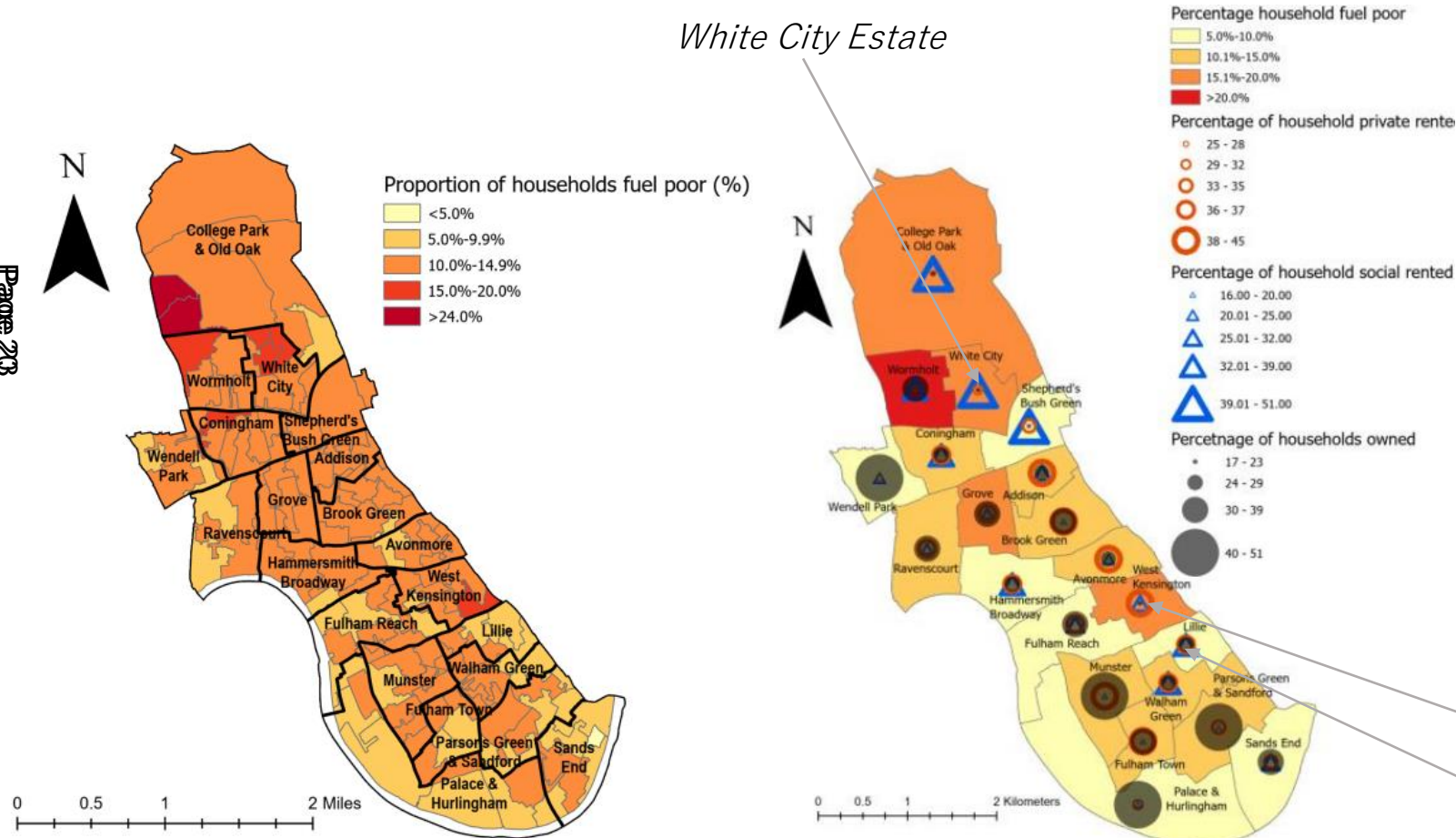
# How might this affect council policy?

---

- **Planning:** New planning powers as a heat zoning co-ordinator. H&F could mandate heat networks for major new developments in future and encourage larger buildings to connect to existing heat networks. High decarbonisation potential but would need resources and expertise in Planning team.
- **Timelines:** Implementing heat networks is a multi-year project.
- **Finance:** Even where they are the cheapest low carbon option, the cost of heat networks is still significant. H&F could invest in its own heat networks for council assets, or create concession agreements with private entities to design, build and operate networks.

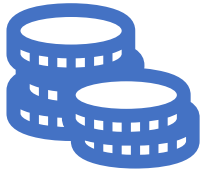


# Fuel Poverty in social housing

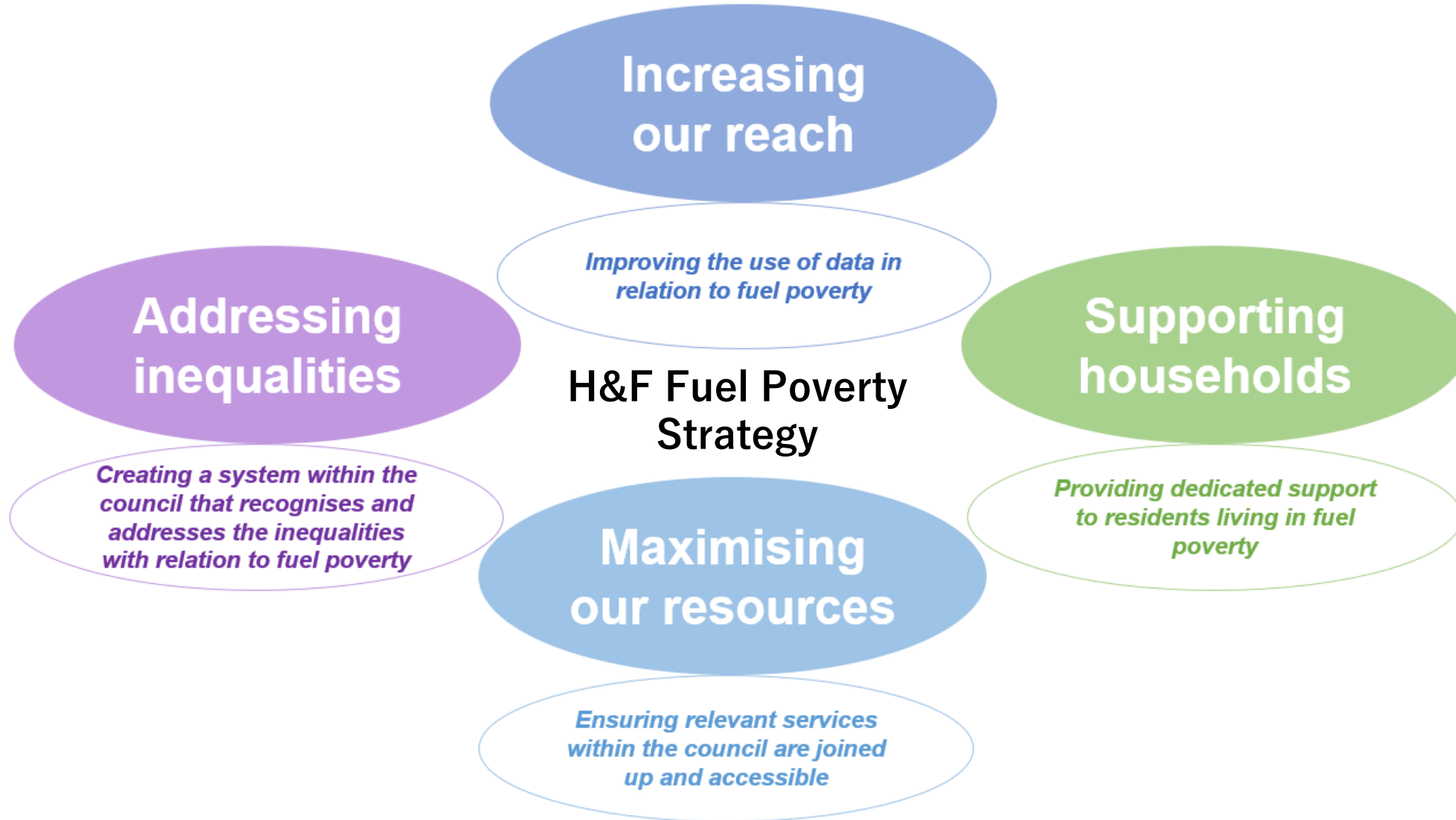


- **Social renters are more likely to be fuel poor than owners or private renters** – this is demonstrated by a relationship between the proportion of social renters and fuel poverty by ward
- The retrofit strategy needs to be implemented in a way that will support residents in getting out of fuel poverty, **working in tandem with the fuel poverty strategy**

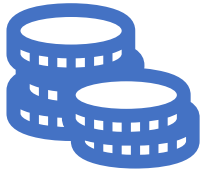




# Fuel Poverty







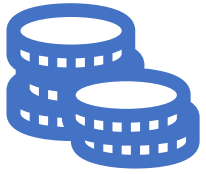
# Fuel Poverty Strategy

---

## The next year in H&F

The publication of the Fuel Poverty Strategy is an indication of the drive to make change, and the need to take action in light of the energy price and cost of living crises. In the next year, we plan to:

1. Run an **H&F small energy efficiency measures scheme** that will empower residents to improve their own energy efficiency and achieve bill savings on their own terms.
2. **Increase the presence of fuel poverty support in the borough** by running energy advice and support sessions, coordinating with the Cost-of-Living team to provide holistic support to residents.
3. Work with external groups to **seek funding** to support community-based projects supporting residents in become more fuel secure.
4. **Expand promotion of available funding** to support retrofit and energy efficiency works.
5. Launch the **fuel poverty dataset** and begin to use this for targeting.
6. **Reach all homes** through leafletting and other broad campaigns.



# How retrofit supports this policy

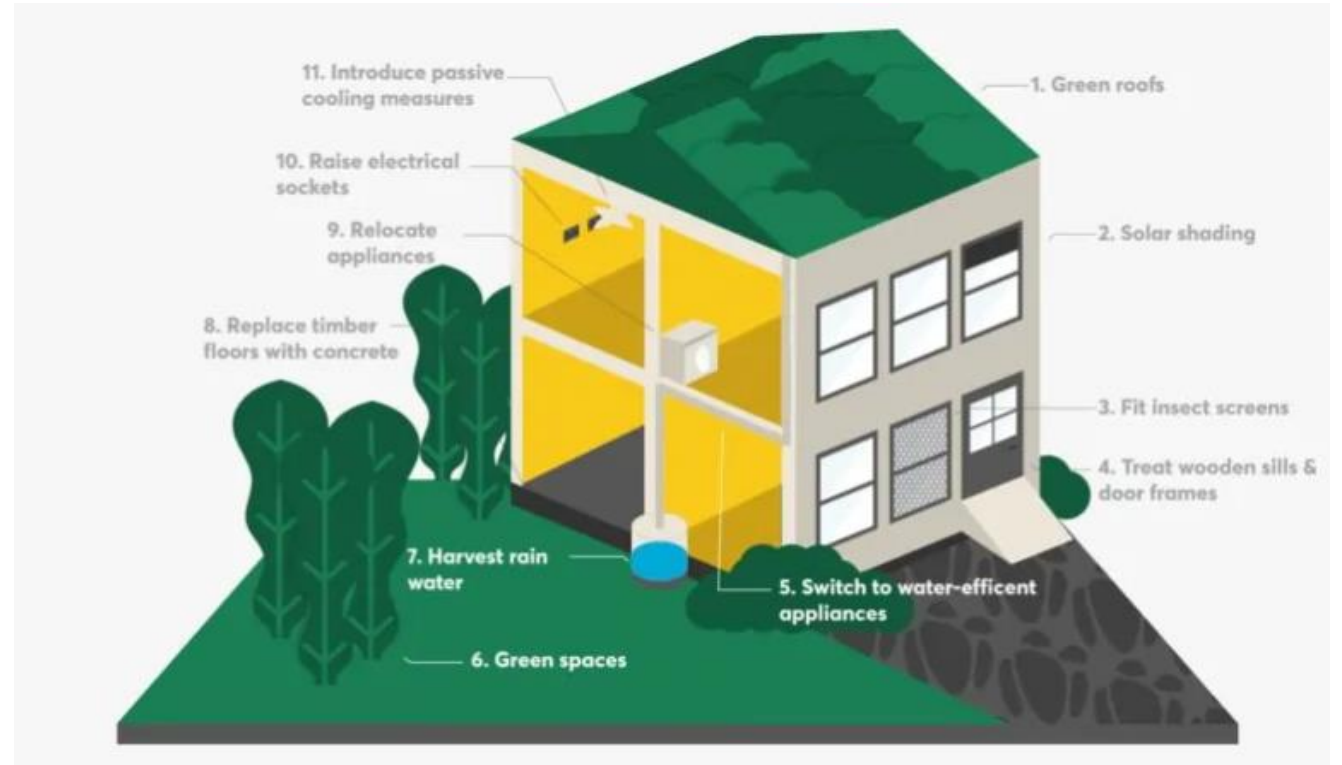
---

- Focussing on fabric will support the overall aims of the Fuel Poverty strategy by reducing energy bills.
- Utilise the **fuel poverty dataset** to prioritise areas that are most in need of energy efficiency within H&Fs stock.
- Focus on a neighbourhood approach to retrofit where homes of different tenure are upgraded in the same programme.
- The transition to low carbon heat must be carefully planned to ensure there is not an increase in fuel poverty.



# Adaptation

- Floods and record break temperatures are becoming more and more frequent. London seen an increase of 1.9 degrees since 1960.
- By adapting our homes to overheating, flooding, and drought risks as we retrofit, our residents and buildings will experience much lower risk to climate change impacts.
- Adaptation is an emerging priority for the industry



**Step 1:** incorporate adaptation into the capital delivery programme, considering upgrades on a case-by-case basis.

**Step 2:** establish better data, metrics and develop policy and implementation plan for the stock. Out of scope of the initial strategy.



# Development and adaptation

Lillie Road and Farm Lane have both achieved planning permission and are now out to tender for a construction partner.  
42 and 31 new homes

## Over heating

- Designed to mitigate the risk of overheating.
- Low glazing to reduce the amount of solar gain during summer.
- Balconies provide shading to the flats below.

Page 25

## Water

- SUDS - a combination of an attenuation tank and permeable paving.
- Surface water drainage systems will be able to accommodate storms up to the 1 in 100-year event.
- In Farm Lane, a blue roof on the main building, will assist with the interception and retention of precipitation, helping reduce the flow rate and volume of surface water runoff.

## Biodiversity

- The two schemes will increase biodiversity with native species planting, green roofs and vertical greening.
- The landscape design approach for the sites are for all surfaces to be permeable or planted.





# Summary

---

Greening the housing stock is needed to reduce emissions, support with fuel poverty and adapt to a changing climate.

A retrofit strategy is being finalised and will address the steps needed to embed this in the organisation.

This will influence council policy in relation to 4 key areas:

1. **Energy efficiency** – prioritise upgrading the fabric of H&Fs housing.
2. **Low carbon heating** – establishing how to transition the stock to low carbon heating.
3. **Fuel Poverty** – supporting the council's commitment to reduce fuel poverty.
4. **Adaptation** – ensuring buildings are adapted for a changing climate.



# Thank you

## London Borough of Hammersmith & Fulham

**Report to:** Housing and Homelessness Policy and Accountability Committee

**Date:** 30/01/2024

**Subject:** 2024 Medium Term Financial Strategy (MTFS)

**Report authors:** Andre Mark, Head of Finance (Strategic planning and investment)  
Danny Rochford, Head of Finance (Economy and Housing Revenue Account)

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

---

### SUMMARY

Cabinet will present their revenue budget and Council Tax proposals to Budget Council on 28 February 2024. This report provides an update on the overall preparation and proposals for the 2024/25 revenue budget, risks, financial resilience, and the impact of those proposals. This report also sets out the budget proposals for the services covered by this Policy and Accountability Committee (PAC). An update is also provided on any proposed changes in fees and charges in the budget.

The strategic operating environment continues to be challenging (inflation, interest rates, economic stagnation, unemployment, real terms reduction in household incomes) and this will have an impact on the overall national and public finances. 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 (DLUHC) (which includes local government) may face a 3.4 per cent real terms cut each year from 2025/26 to 2028/29.<sup>1</sup>

The budget proposals for 2024/25 are intended to protect our statutory services, deliver services valued by residents/businesses/visitors, promote the prosperity of the Borough, and support the poorest and most vulnerable in society. All our services have been funded at a time of continued austerity within local government since 2010.

Despite the financial pressures on the council, our ruthlessly financially efficient approach (by generating more than £118m of efficiencies since 2014/15), has secured more than £100m in contributions from developing the Borough and generated more than £60m in annual income. 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 to support those living in the borough. We have also eased financial burdens that residents face

---

<sup>1</sup> [What does the Autumn Statement mean for local government and public service spending? | Institute for Fiscal Studies \(ifs.org.uk\)](https://ifs.org.uk)

by keeping taxes low, freezing key charges and providing one of the country's most comprehensive Council Tax Support Schemes.

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.

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 has allowed us to keep Council Tax levels low. There is no better place to be a Council Taxpayer 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 11% of 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).

The Local Government Finance Act 1992 obliges the Council to set a balanced budget, and the detailed proposals contained in this report will put the Council in a strong position to be able to do so for the next financial year. Cabinet in February will need to consider these alongside the outcome of the Final Local Government Finance Settlement and any other funding statements that may follow.



---

## RECOMMENDATIONS

1. That the Policy and Accountability Committee (PAC) considers the budget proposals and makes recommendations to Cabinet as appropriate.
2. That the PAC considers the proposed changes to fees and charges and makes recommendations as appropriate.

---

**Wards Affected:** All

---

<b>Our values</b>	<b>Summary of how this report aligns to the H&amp;F values</b>
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.

---

## Background Papers Used in Preparing This Report

Not Applicable

---

## DETAILED ANALYSIS

### The Budget Requirement and Gap

1. The gross General Fund budget<sup>2</sup> rolled forward from 2023/24 to 2024/25 is £642.0m of which a **net budget requirement of £198.0m** is funded from council resources (such as Council Tax and business rates) and general government grant.

---

<sup>2</sup> Figures exclude capital charges and internal service level agreements. These have a net nil impact on the budget.

**Table 1 – Budget rolled forward from 2023/24**

<b>2023/24 Budgeted Expenditure</b>	<b>£m</b>
Housing benefit payments	91.2
Departmental budgets	550.8
<b>Gross budgeted expenditure</b>	<b>642.0</b>
<b>Gross revenue income budget requirement (specific government grants, fees and charges and other contributions)</b>	<b>(444.0)</b>
<b>Net revenue budget requirement</b>	<b>198.0</b>
<b>To be met from:</b>	
General grants	(56.7)
Locally retained business rates	(62.5)
<b>2024/25 Council Tax requirement (including the adult social care precept)</b>	<b>(78.8)</b>

## Budget assumptions

### Investment and growth pressures

- Additional investment and growth of £10.7m is being provided following the budget setting and review process. The proposed investment and growth items are summarised in Table 3 and for those relevant to this PAC in Table 4. The detailed investment proposals for this PAC are set out from paragraph 45 and in Appendix 1 to this report.

**Table 3: 2024/25 Investment Proposals**

<b>Department</b>	<b>£m</b>
Adult Social Care	4.8
Children Services	1.6
Environment	0.5
Corporate Services	0.2
Economy	1.5
Other Services	2.1
<b>Total</b>	<b>10.7</b>

**Table 4: Investment and growth proposals relevant to this PAC**

<b>Proposal</b>	<b>£m</b>
An increase in homeless presentations combined with a reduction in supply of rehousing solutions is resulting in additional client numbers	1.5
<b>Total</b>	<b>1.5</b>

## Savings and Income Generation

3. After more than a decade of austerity, it is increasingly difficult to identify and deliver substantive savings. However, further savings are necessary if the financial challenge of real terms government funding cuts, unfunded burdens, inflation, and demand and growth pressures is to be met and the council has been able to find these. In the future, the Council must consider all available options to operate within the funding available to it.
4. The proposed savings (including additional income) for 2024/25 are set out in Table 5. The savings proposals for this PAC are outlined in detail from paragraph 45 and in Appendix 1 to this report.

**Table 5: 2024/25 firm savings and additional income**

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)
<b>Total</b>	<b>(8.1)</b>

5. The savings relevant to this PAC are summarised in table 6 below.

**Table 6: Summary of savings relevant to this PAC**

Proposal	£m
Efficient commissioning of Temporary Accommodation	0.100
Review of Housing Solutions team	0.150
Acquisition of housing for Temporary Accommodation	0.200
<b>Total savings</b>	<b>0.450</b>

## Inflation

6. 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 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 in line with those assumptions: This budget allows for:

- Contract and external services inflation of £9.2m.
- £4.5m provision for a 2024/25 pay award (this equates to a 3.0% pay award)

### **Fees and Charges**

7. 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 the council, 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 changed as appropriate, with due authorisations according to the Council constitution.
  - Parking charges and fines are to be set in line with transport policy objectives and not considered as part of the budget process.
  - A standard uplift of 6.7% is applied for other non-commercial and non-parking fees, as per September 2023 CPI.
  - The exceptions to these assumptions for this committee are attached in **Appendix 4**.

### **Local Government Finance Settlement and Core Spending Power**

8. The provisional 2024/25 Local Government Finance Settlement (LGFS) was published by DLUHC on the 18th of 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.
9. Core Spending Power estimates total revenue funding available to authorities and includes Government assumptions on a maximum increase in Council Tax (4.99%) and business rates income (including compensation for under indexing the multiplier) as well as growth in the Council Tax base. The Statement provided an increase in Core Spending Power of 6.7% (the level of CPI inflation in September) if 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, which has resulted in lower council revenues in other areas.
10. A summary of the Council's funding settlement and Core Spending Power in comparison to 2023/24 is set out in **Appendix 5**.
11. The 2024/25 Settlement 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.

12. It should be noted that whilst the overall Core Spending Power for the Council has increased by £13.78m, only £5.75m (42%) 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:

13. **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%.
14. 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.
15. **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 (ASC)), 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
16. 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 84% 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 5 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.

## 20. **Other Funding**

21. **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.
22. However, after the Autumn Statement, it was confirmed by DLUHC 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.
23. 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.

## **Other Measures**

24. It is estimated that £5.0m relating to income from investing cash balances will be available as favourable interest rates is 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.
25. 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.
26. In addition, there are budget measures to reduce budgeted reserve contributions, realigning corporate charges between the Housing Revenue Account and General Fund and short-term contributions arising from lower than budgeted contributions to the concessionary fares (freedom pass) scheme. The latter 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.

## Council Tax

27. The Council is proud to have the third lowest Council Tax in the country, and to have cut or frozen Council Tax in 5 of the last 9 years. LBHF also has one of the most progressive Council Tax support schemes in the country, with almost half of residents not paying the full amount, and those least able to pay facing no charge at all.
28. 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.
29. The budget proposals assume Council Tax will be increased by the amount modelled in the Government's Core Spending Power calculations, including the ringfenced Adult Social Care precept. 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). For the Adult Social Care precept, this is the equivalent to £17.44 per annum, or less than 35p per week (at Band D).
30. 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 Taxpayer 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 discounts and exemptions to many residents, with the most vulnerable paying nothing at all.
31. 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.
32. As set out in table 7 below, it is estimated that 42% of residents will not be required to pay the full increase (as they will be supported through the single person household discounts, Council Tax Support, and exemptions).

**Table 7: Liability for Council Tax at November 2023**

Total dwellings in the borough	94,117
Reductions:	
Exemptions (mainly students, includes care leavers and vacant properties)	(3,415)
Council Tax support claimants (elderly and working age on low income)	(10,087)
Single person discount (25% discount)	(26,143)
<b>Dwellings liable for 100% of Council Tax</b>	<b>54,472</b>
	<b>58%</b>



## Business Rates

33. 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%).
34. 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.
35. 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.

## Risk and financial resilience

36. 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 and also views of the adequacy of the balances and reserves the budget provides for in light of the medium-term risks facing the authority.
37. An updated reserves strategy and forecast will be included within the suite of finance reports presented to Cabinet and Full Council.
38. The current reserves forecast is set out in Table 8 and models a fall in overall general fund reserves and balances to £91.6m by 2027/28. This assumes a balanced budget is set each year with no further call on reserves.

**Table 8: 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
<b>Sub Total</b>	<b>119.6</b>	<b>93.3</b>	<b>83.4</b>	<b>90.0</b>	<b>91.6</b>
Developer contributions (Subject to separate monitoring and approval)	48.9				

39. The Council's general balance for 2023/24 is £21.3m, after the council ran a budget surplus and contributed additional funds to general balance reserves. This equates to 3.8% (14 days spend) of the Council's gross budget of £550.8m. The Strategic Director of Finance has recommended that the optimal range for the general balance is between £19m and £23m.
40. 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.
41. 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.
  - To build up funds for known or predicted requirements; these specific reserves are known as earmarked reserves.
42. Reserves are also a key enabler for future service transformation. The financial challenge facing the council will require investment to deliver future efficiencies to enable the council to balance the budget in future years.
43. 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".<sup>3</sup>

## **Key Risks**

44. The key financial risks that face the Council have been identified and are set out below:
  - 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 Housing? 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.

---

<sup>3</sup> [Section 114 fear for almost 1 in 5 council leaders and chief executives after cashless Autumn Statement | Local Government Association](#)

- 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.

Departmental risks for the services covered by this PAC are set out in Appendix 2.

## **Comments of the Strategic Director for Economy on the 2024/25 Budget Proposals**

### **Strategic service context**

45. The Economy department provides a diverse range of services to the residents of Hammersmith & Fulham including:
  - Housing Solutions – Homelessness Prevention and Assessment, Allocations and Lettings of properties, Housing Strategy including Rough Sleeping reduction
  - Planning – Planning Policy, Development Management, Infrastructure Planning, Management of the Section 106 Programme and Community Infrastructure Levy
  - Regeneration and Development – Development of New Affordable Housing, Regeneration of Existing Assets
  - Economic Development, Learning and Skills – Delivery of the Borough's Industrial Strategy, Business and Enterprise, Employment and Skills, Imperial College Partnership - Upstream, Adult Learning and Skills
  - Property - Land and Asset Management including Facilities Management
46. Services are funded by both the Housing Revenue Account (HRA) and the General Fund. This report focuses on the Housing Solutions division (General Fund). There is a separate presentation to this Policy & Accountability Committee covering the Housing Revenue Account. The services funded from the HRA are not included in the list above. Other General Fund services provided by Economy are considered by the Economy, Arts, Sports and Public Realm Policy & Accountability Committee.
47. The Housing Solutions division within Economy continues to actively address homelessness by providing a range of housing options to enable an informed decision, to ensure that services and budgets are effective and efficient, and to reflect the council's priorities. Some notable examples are:
  - Housing Solutions are continuing with their current programme of services, with a focus on making these more effective. This follows the conclusion of a three-year service review, which has reduced annual costs by £1.5m.

- Working to contain rising costs and numbers of households in temporary accommodation through negotiation with suppliers to ensure supply of affordable and suitable properties.
- Continuing to work toward reducing rough sleeping by providing supported accommodation and associated services.
- Continuing to prevent homelessness by implementing innovative resident-focused support and systemic action planning at the right time.
- Housing Solutions has maintained the lowest level of rough sleeping in West London and has no families in Bed and Breakfast accommodation.
- H&F is seen as a flagship within London for Afghan and Ukrainian refugee support.

## Financial Performance

48. There is a strong track record of financial efficiency to deliver savings and a balanced budget within Housing Solutions. Spending in 2022/23 was delivered within budget (£0.03m underspend compared to the budget). In line with the national trend and especially in London, temporary accommodation and homelessness has been a significant pressure for all councils. For 2023/24, Housing Solutions is facing financial challenges in temporary accommodation provision relating to the cost-of-living crisis (particularly relating to high inflation on external contracts), demand for homelessness services and a lack of available supply. The position for 2023/24 is reported separately in the regular financial performance reports to Cabinet. It is expected that the cost-of-living crisis will continue to have a major impact on both the demand for the department's services and its budget in 2024/25.

## Budget 2024/25

49. The Economy department revenue budget for 2024/25 is summarised at directorate level in the table below.

**Table 10 – Economy department budget 2024/25**

<b>Service</b>	<b>Expenditure £000</b>	<b>Income £000</b>	<b>Net Budget £000</b>
Housing Solutions	42,697	(29,283)	13,414
Economic Development, Skills Service	7,659	(6,657)	1,003
Planning	6,816	(5,340)	1,476
Property and Asset Strategy	11,167	(13,302)	(2,135)
Place	153	(41)	112
Regeneration & Development	118	0	118
<b>Total</b>	<b>68,610</b>	<b>(54,622)</b>	<b>13,988</b>

50. The net budget is £14.0m and will ensure the continued investment of resources in key services for residents. In particular, the following matters should be noted:

- Additional investment of £1.5m will be made to enable the Council to meet the demand for temporary accommodation – an increase in the number of homeless presentations combined with a reduction in the supply of rehousing solutions is driving higher client numbers.
  - The Housing Solutions service has seen market changes since 2022/23 resulting in significant increases in the costs of procuring temporary accommodation. Rents for these properties are rising as the cost-of-living crisis impacts landlords – evidence within the London rental market points to increases of c13%. The service is managing inflationary pressures on temporary accommodation through effective suppliers to procure more affordable properties and pursuing effective inter-borough accommodation agreements. However, an inflationary uplift in the temporary accommodation budget of £0.931m is required for 2024/25. This is equivalent to a 6.7% increase and assumes that mitigating actions will enable the management of inflationary pressures on temporary accommodation.
  - Savings of £0.45m will be delivered from improvements in the efficient commissioning of temporary accommodation and also from the acquisition of the Council's own temporary accommodation.
51. The main risks affecting Housing Solutions relate to managing the impact of the Government's programme of Welfare Reform and the cost-of-living crisis. A schedule of risks is set out at Appendix 2.

### **Economy fees and charges**

52. The Housing Solutions division charges clients rent for the provision of temporary accommodation. The level at which these rent charges are set is determined by the Local Housing Allowance (LHA), which is the limit set for the housing support a household in private rented accommodation can get from Universal Credit or Housing Benefit. The rent charged is insufficient to cover the Council's costs of procuring the accommodation. Although the restoration of Local Housing Allowance (LHA) rates to the 30th percentile of local rents for 2024/25 will not apply to the Council's temporary accommodation, it is expected to help improve the affordability of the private rented sector for low-income households and ease the pressure on homelessness services. However, this may also lead to further inflationary pressure within the temporary accommodation market.

### **Equality Implications**

A draft Equality Impact Assessment (EIA), which analyses the impact on equality of the main items in the budget proposals relevant to this PAC, is attached as Appendix 3. A final EIA will be reported to Budget Council in February 2023.

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext. of holder of file/copy</b>	<b>Department/ Location</b>
1.	None		

**List of Appendices:**

Appendix 1 – Savings and investment proposals

Appendix 2 – Risks

Appendix 3 – Equality Impact Assessment

Appendix 4 – Fees and Charges

Appendix 5 – Spending Power Calculation

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						
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)
Total Firm Change and Savings Proposals			(450)	(450)	(450)	(450)

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						
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			1,500	1,500	1,500	1,500

## The Economy Department Risk/Challenges

Department & Division	Short Description of Risk	Mitigation
<b>The Economy Department</b>		
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"> <li>- Training and qualifying employment</li> <li>- Disability/Carers benefit where possible</li> <li>- Resettlement into affordable housing</li> <li>- Personal budgeting</li> </ul>
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"> <li>- Personal budgeting</li> <li>- Welfare benefit advice</li> </ul>
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.



## Budget 2024/25 Equalities Impact Assessment (EIA)

### **Housing Solutions (Economy General Fund) Investment and Growth Proposals**

#### **Increase in Temporary Accommodation Client Numbers - £1.500m**

1. An increase in Temporary Accommodation (TA) client presentations combined with a reduction in supply of rehousing solutions is resulting in additional client numbers within the service. The most likely outcome is for an average of 3 (Demand of 15 less Supply of 12) new clients per week for the rest of this year and an upper limit of 4 new clients each week for 24/25 (Demand of 16 less Supply of 12). These are based on the net increase in TA tenants compared to current numbers. It is expected that this proposal will have a positive impact on groups that share protected characteristics as the budget growth will fund the increasing presentations of homelessness within the borough and assist in having a positive impact on the cohort.

### **Housing Solutions (Economy General Fund) Savings Proposals**

#### **Efficient commissioning of Temporary Accommodation - £0.100m**

2. This proposal will involve implementing improvements in the procurement and commissioning of temporary accommodation and making improvements to the management and level of void properties. The current budget allows for 4% of Temporary Accommodation properties to remain void at any one time and it is expected that improvements can be made on this. It is believed that this proposal has a neutral impact on groups that share protected characteristics as the Council will continue to buy accommodation of a suitable standard and providing it in line with the Council's statutory duty. Also, the cost to clients will not be increasing because of this saving proposal.

#### **Review of Housing Solutions team - £0.150m**

3. The service is in the process of implementing an approved restructure that will reduce agency staff and enable overall staffing. An equality impact assessment will be undertaken as part of the review process to ascertain any potential impact on staff who share protected characteristics.

#### **Acquisition of housing for Temporary Accommodation savings - £0.200m**

4. There has been recent success with the Council purchasing supported housing from Shepherds Bush Housing Group. Even in the current climate of high borrowing costs, it may be possible for further acquisitions to enable savings or at the very least cost avoidance for the Council through providing our own temporary accommodation. The proposal is intended to help address the increase in homelessness presentations in line with the Council's statutory obligation to provide temporary accommodation for homeless people in a financially sustainable way. It is believed that this proposal has a positive impact on groups that share protected characteristics for the following reasons: purchase of further Temporary Accommodation would provide further Temporary Accommodation options to allow the Council to meet its homelessness obligations and help address the increase in homelessness presentations.

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
<b>Private Sector Leasing</b>						
Private Sector Leasing Water Charges	<b>Varies</b>	<b>Varies</b>		£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)	<b>£264.39</b>	<b>£262.95</b>	↓ -0.5%	£12,657,200	£15,095,400	<p>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.</p> <p>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.</p> <p>PSL tenants living in a Universal Credit (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.</p> <p>*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.</p>
	<b>£264.39 as at 28 October 2022</b>	<b>£262.95 as at 13 November 2023</b>		£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)	

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
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	<p>Since April 2012, the B&amp;B rent threshold has been based on the January 2011 Local Housing Allowance (LHA). From April 2017, the B&amp;B rent threshold will be based on the April 2015 LHA for benefit claims made through Universal Credit(UC).</p> <p>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. This fee is the LHA threshold for one bedroom properties.</p>
	£225.34 as at 24 October 2022	£223.80 as at 13 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)	

<b>Funding within Core Spending Power</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>Change £m</b>	<b>Change %</b>
<b><i>Government grant funding</i></b>				
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	20.59	3.31	19%
Multiplier cap compensation	10.93	12.32	1.39	13%
Services grant	2.50	0.39	(2.11)	(84%)
<b>General Grants (excludes cap compensation tariff and housing benefit admin grant)</b>	<b>52.09</b>	<b>56.44</b>	<b>4.35</b>	
<b><i>Ringfenced Social Care grants</i></b>				
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 <sup>1</sup>	1.40	0	(1.40)	(100%)
<b><i>Sub-total grant funding</i></b>	<b>67.07</b>	<b>72.82</b>	<b>5.75</b>	
<b><i>Locally generated sources</i></b>				
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	4.18	7%
<b>Total</b>	<b>204.11</b>	<b>217.89</b>	<b>13.78</b>	<b>6.7%</b>

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