

## London Borough of Hammersmith & Fulham

**Report to:** Children and Education Policy & Accountability Committee

**Date:** 29/01/2024

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

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### 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 (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.

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.

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). Few organisations would be able to deliver the same

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<sup>1</sup> [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/what-does-the-autumn-statement-mean-for-local-government-and-public-service-spending/)

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 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 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.

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## RECOMMENDATIONS

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

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**Wards Affected:** All

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<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

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## DETAILED ANALYSIS

### The Budget Requirement and Gap

- 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.

**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

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

## 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>
Travelcare and Support	1.271
Development of Family Hubs	0.260
<b>Total</b>	<b>1.531</b>

## Savings and Income Generation

- 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.
- 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**

<b>Department</b>	<b>£m</b>
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**

<b>Proposal</b>	<b>£m</b>
Placement service income generation	(0.325)
Client related non-placement spend	(0.100)
Post 19 Housing Pathways	(0.100)
Early Intervention Commissioning	(0.137)
Holiday food provision	(0.900)
<b>Total savings</b>	<b>(1.562)</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.

There are no exceptions to these assumptions for this committee.

## Local Government Finance Settlement and Core Spending Power

8. The provisional 2024/25 Local Government Finance Settlement (LGFS) was published by DHLUC 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, meaning that the actual increase in spending power is below inflation.
10. A summary of the Council's funding settlement and Core Spending Power in comparison to 2023/24 is set out in **Appendix 4**.
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), 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 the 5<sup>th</sup> of 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 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.
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 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.

## Council Tax

27. The Council is proud to have the third lowest Council Tax in England, 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 maximum 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 & 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 2023 £m	April 2024 £m	April 2025 £m	April 2026 £m	April 2027 £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. 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 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)

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

- 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 Children's Services on the 2024/25 Budget Proposals**

45. Children's Services in Hammersmith and Fulham are passionate about delivering excellent services to our children and families. Our 2023 refreshed vision for Children's Services is:

***Building a better future for children and young people.***

*We are committed to making Hammersmith and Fulham a place where every child and young person has the best possible start to lead happy, healthy, and fulfilling lives, and are equipped with the skills to achieve and realise their full potential. We want our children to feel confident, safe, and experience a sense of belonging.*

*We commit to listen and respond to the voice of our children, young people, and staff, and empower them to lead the development of our future services.*

*Our highly skilled teams will nurture collaborative partnerships to ensure services remain efficient, responsive and support the building of resilience and prosperity for all children and young people.*

46. The directorate is driven by strong and stable leadership which drives unwavering pace, focus and commitment to delivering whole system continuous improvements, the coherence of which are manifested in key cross cutting strategies including the Early Intervention Strategy, SEND Strategy and Youth Crime Prevention Strategy.
47. Our staff are our most important asset, and our frontline practitioners exemplify care, compassion, and a child centred and systemic approach. We are proud to have a dedicated, capable, and confident workforce that has the skills, expertise, and perseverance to deliver high quality services to our children, young people, and families. That said, recruitment and retention of experienced children's practitioners remains a priority in a challenging market.
48. Our focus on continuously reinvigorating our practice and enhancing our service synergy is complimented by our dynamic partnerships with Health and our community and third-sector partners. Our internal and external partners support and encourage us to evolve and grow our offer. A hallmark has been our willingness to lead and influence practice initiatives sub regionally, pan London and nationally.

49. We drive and equally benefit from high stakeholder engagement and expectations particularly with our children, young people, parents, and carers whose voice and views are reflected in the design, development, and delivery of services. The profile of children's voices is championed and valued consistently throughout the council.
50. Children's Social Care has an Ofsted rating of Good overall. The Youth Justice Service is rated Outstanding by HMIP in 2022. 100% of our schools are also rated Good or Outstanding; children and young people consistently attend and achieve better in Hammersmith and Fulham than their peers nationally. A monitoring visit of the Front Door services in January 2022 recognised "exemplary practices" and in September 2023 we had a positive Annual Engagement Meeting with Ofsted for both Children's Social Care and Education and Schools which further recognised our continued strong performance.
51. There have been many achievements across the directorate in 2023/24. These include:
- Selection by the Department for Education as the only London borough to participate in a national pilot which will test the impact of innovative approaches to help keep families together and children out of care where appropriate.
  - Care Experienced has been recognised as a protected characteristic in H&F, demonstrating the Council's commitment as a Corporate Parent to ending the disparity and inequality faced by care experienced young people.
  - The opening of the Care Leavers HUB - (Hope, Unity and Belong) which provides a homely in borough space with access to a life skills centre with kitchen, a relaxed space for relationship building, group workspace and music and creative arts room. The HUB was a cross partnership project which includes Keir, Housing, Commissioning and Childrens Services.
  - Continued focus on local capacity of semi-independent living accommodation for young people in care, at risk of homelessness and care leavers 16+ securing 27 bed spaces through the purchase of three properties in H&F and the recent reopening of a high specification 13 bed unit refurbished by Notting Hill Genesis in collaboration with Centrepoint.
  - The launch of our coproduced Early Intervention Strategy which is driving the development of Family Hubs to make it simpler for families to access a wide range of council services.
  - Extended our youth offer and holiday activities programme through strong partnerships with the third sector.
  - Enhanced our support to young carers with an engaging programme of activities and opportunities.

- Implementation of the Industrial Strategy in education through inclusive apprenticeships and a diverse offer of support to meet the individual needs of our care experienced young people.
- Whole system transformation of SEND services with our new coproduced Local Area SEND Strategy, development of our outcomes framework with children, young people, and their families and increased capacity to support the offer to children and young people.
- The Education Learning Partnership has been embedded with excellent feedback from school partners.
- Delivery of an extensive Inclusive Youth Council programme of activities to ensure that children and young people are involved in what's going on in the borough and their voices are heard, valued, and acted upon.
- The launch of our inclusive and nurturing schools programme in 10 LA schools through grant funding from the Violence Reduction Unit (VRU) promoting attachment and trauma awareness and positive relationships.

52. These achievements have been delivered in the context of rising need for services, market fragility, the cost-of-living crisis and the national economic position which have all posed as significant risks to the service in meeting need within the financial constraints. We have continued to respond dynamically to these risks and have well developed systems to monitor and manage them.

53. Our aspiration and ambition to ensure consistent and compassionate care and improved outcomes is underpinned by a continuing commitment to protect the quality of services to the most vulnerable members of the community within the statutory framework required of the directorate. Equally strong is the central commitment to work with children, young people and their families in the design and development of services that affect them. Our priorities for the year ahead include:

- Continuing to build on our partnership arrangements both internally and externally including a focus on transition planning for young people preparing for adulthood.
- Fully implementing our enhanced Housing offer and pathways for care leavers.
- Adopting the Pan London Care Leavers Compact proposals to maximise consistency and quality in the 'local offers' of support to care leavers.
- Implementing the pilot to help keep families together and children out of care where appropriate.
- Launching our Family Hubs – one specialist hub, and hubs in both the North and South of the borough.

- Implementing our ambitious SEND Sufficiency and capital programme.
- Continued focus on workforce recruitment and retention to retain and attract experienced social workers.
- Leading the West London pilot programme to recruit and retain local foster carers and provide them with high quality wrap around support and care.
- Embedding our new Attendance Alliance and enhanced Outreach Offer which underpin our vision and values for the high attainment, positive wellbeing, and wider outcomes for all children.
- Working with local business and schools as part of The Industrial Strategy to ensure that local children have the best possible chance to benefit from local job opportunities.
- Consolidating schools' climate networks and expanding the climate education training for governors. We will be implementing the new DfE guidance on climate education.

54. Investment in 2024/25 has been prioritised in key area to address sustained demand led pressures whilst investing in key areas to improve the quality and accessibility of services for children, young people, and their families. These include:

- The creation of Family Hubs which represents a whole system reform programme to bring together multiple organisations to make it easier for families to get the help and support they need when they need it. Building on our strong services, this partnership programme is a key component of our Early Intervention Strategy, increasing and expanding integration across a range of services.
- The investment in our home to school travel care service reflects the increasing demand and complexity of need, against a backdrop of considerable market fragility. H&F experienced provider failure in 2022, which a fast-paced mobilisation to recommission an alternative provider which ensured the continued high-quality delivery of this statutory service at almost no additional cost.
- Significant growth into Adult Social Care to create a new Integrated Transitions Team, underpins our joint commitment to ensuring children and young people receive continuity of high-quality services and, are actively involved in decision making about their future.

55. The savings proposals are consistent with our vision and high aspirations for our children, young people, and their families as we review services against the need to ensure they are as responsive and efficient as they can be and offer the right outcomes for children and young people.

#### Budget 2024/25

56. Children's Services proposed net budget for 2024/25 is £62.127m. Within this sum are areas over which the service has little direct control, these are defined as non-



controllable and include contributions to Corporate Services and capital charges. In total these add up to £9.581m. This means that the net direct expenditure that the directorate is in control of is £52.456m. Table 10 below sets out how controllable expenditure is budgeted across the various departments within the directorate showing that the greatest share of net general fund expenditure is on Children and Young People's Services, £30.158m (57%) of net controllable expenditure.

**Table 9. CHS Full Net Budget 2024-25**

Directorate	Controllable	Support Services and Depreciation	Total
Children's Commissioning	4,958,300	777,400	5,735,700
Education	15,252,200	2,241,500	17,493,700
Children and Young People's Services	30,158,200	4,227,700	34,385,900
School Funding	0	0	0
CHS Departmental Budgets	49,200	1,904,500	1,953,700
Children's Performance & Improvement	2,127,900	430,200	2,558,100
<b>Total</b>	<b>52,545,800</b>	<b>9,581,300</b>	<b>62,127,100</b>

**Table 10. CHS 2024-25 Controllable Budget**

Directorate	2024-25 Expenditure £'s	2024-25 Income £'s	Total Net £'s	% share
Education	106,281,600	-91,029,400	15,252,200	29%
Children and Young People's Services	40,769,500	-10,611,300	30,158,200	57%
Children's Commissioning	6,453,700	-1,495,400	4,958,300	9%
CHS Departmental Budgets	719,200	-670,000	49,200	0%
Children's Performance & Improvement	2,527,300	-399,400	2,127,900	4%
<b>Total</b>	<b>156,751,300</b>	<b>-104,205,500</b>	<b>52,545,800</b>	<b>100%</b>
School Funding	10,623,000	-10,623,000	0	0%

## Equality Implications

A draft Equality Impact Analysis (EIA), which assesses the impacts 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 2024.

**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 Assessments

Appendix 4 – Spending Power Calculation