

	<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>COUNCIL</b></p> <p align="center"><b>25 FEBRUARY 2015</b></p>
<p><b>REVENUE BUDGET AND COUNCIL TAX LEVELS 2015/16</b></p>	
<p><b>Report of the Leader of the Council: Councillor Stephen Cowan</b></p>	
<p><b>Open Report.</b></p>	
<p><b>Classification - For Decision</b></p> <p><b>Key Decision: Yes</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Executive Director: Jane West, Executive Director of Finance and Corporate Governance; Hitesh Jolapara, Bi-Borough Director of Finance</b></p>	
<p><b>Report Author:</b> Andrew Lord- Head of Strategic Planning and Monitoring</p>	<p><b>Contact Details:</b> Tel: 020 8753 2531 E-mail: andrew.lord@lbhf.gov.uk</p>

## **1. EXECUTIVE SUMMARY**

1.1. The 2015/16 revenue budget proposals are set out regarding:

- Council tax levels
- Savings and growth proposals
- Changes to fees and charges
- Budget risks, reserves and balances
- Equalities Impact Assessments
- Implementing the retail business rates relief scheme as proposed by the Government.

## 2. RECOMMENDATIONS

- 2.1 A 1% cut in the Hammersmith & Fulham element of the council tax charge is approved.
- 2.2 Council tax be set for 2015/16 for each category of dwelling, as calculated in accordance with Sections 31A to 49B of the Localism Act 2011, as outlined below and in full in Appendix A:
- (a) The element of council tax charged for Hammersmith & Fulham Council will be £727.81 per Band D property in 2015/16.
  - (b) The element of council tax charged by the Greater London Authority will be £295.00 per Band D property in 2015/16
  - (c) The overall Council Tax to be set at £1,022.81 per Band D property in 2015/16.

Category of Dwelling	A	B	C	D	E	F	G	H
Ratio	6/9 £	7/9 £	8/9 £	1 £	11/9 £	13/9 £	15/9 £	18/9 £
A) H&F	485.21	566.07	646.94	727.81	889.55	1,051.28	1,213.02	1,455.62
b) GLA	196.67	229.44	262.22	295.00	360.56	426.11	491.67	590.00
<b>c) Total</b>	<b>681.88</b>	<b>795.51</b>	<b>909.16</b>	<b>1022.81</b>	<b>1,250.11</b>	<b>1,477.39</b>	<b>1,704.69</b>	<b>2,045.62</b>

- 2.3 The Council's own total net expenditure budget for 2015/16 is set at £158.428m.
- 2.4 Fees and charges are approved as set out in paragraph 6.1.
- 2.5 The budget projections, made by the Executive Director of Finance and Corporate Governance to 2018/19, be noted.
- 2.6 The statement made by the Executive Director of Finance and Corporate Governance under Section 25 of the Local Government Act 2003 regarding the adequacy of reserves and robustness of estimates be noted (section 14).
- 2.7 The Executive Director of Finance and Corporate Governance be authorised to collect and recover National Non-Domestic Rate and Council Tax in accordance with the Local Government Finance Act 1988 (as amended), the Local Government Finance Act 1992 and the Council Schemes of Delegation.

- 2.8 That all Executive Directors be required to report on their projected financial position compared to their revenue estimates in accordance with the Corporate Revenue Monitoring Report timetable.
- 2.9 Executive Directors be authorised to implement their service spending plans for 2015/16 in accordance with the recommendations within this report and the Council's Standing Orders, Financial Regulations and relevant Schemes of Delegation.
- 2.10 Members' attention is drawn to S106 of the Local Government Finance Act 1992 which requires any Member, who is two months or more in arrears on their Council Tax, to declare their position and not to vote on any issue that could affect the calculation of the budget or Council Tax.
- 2.11 The Executive Director of Finance and Corporate Governance be authorised to implement the business rates retail relief scheme as proposed by the Government.

### **3. REASONS FOR DECISION**

- 3.1 The Council is obliged to set a balanced budget and council tax charge in accordance with the Local Government Finance Act 1992.

### **4. BUDGET OVERVIEW**

- 4.1 **A 1% cut in the Hammersmith and Fulham element of council tax is recommended.** This will provide a balanced budget whilst reducing the burden on local taxpayers.
- 4.2 The council tax reduction has been delivered despite unprecedented government funding cuts. From 2010/11 to 2014/15 government funding has reduced by £46m. The 2015/16 funding reduction is £20m<sup>1</sup>. Funding is forecast to reduce by a further £30.1m from 2016/17 to 2019/20<sup>2</sup>. A fuller explanation of the funding forecast and spending power calculation is set out in Appendix I.
- 4.3 The budget focuses on protecting front-line services and value for money. Growth has been provided to meet statutory obligations, demographic and service pressures and key local priorities. These include abolishing home care charges and reducing charges for meals on wheels. Savings of **£23.8m** are put forward to balance the 2015/16 budget.

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<sup>1</sup> These figures are on a like for like basis and refer to general grant that can be used for any purpose. The detailed figures are set out in Appendix E.

<sup>2</sup> Chancellor's Autumn Statement 2014

## 5. THE COUNCIL TAX REQUIREMENT

- 5.1 The Band D council tax charge is calculated by dividing the council tax requirement by the council tax base<sup>3</sup>. The 2015/16 council tax requirement is **£52.4m** and is summarised in Table 1. The medium-term forecast, to 2018/19 is set out in Appendix B.

**Table 1: The Council Tax Requirement**

	<b>£'000s</b>
Base budget rolled forward from 2014/15.	<b>181,481</b>
<b>Plus:</b>	
New Burdens	840
Inflation (section 6)	2,518
Growth (section 6)	4,033
Contingency	2,283
<b>Less:</b>	
Savings and additional income (section 7)	(23,816)
Specific unringfenced grants (section 8)	(10,612)
Contribution to Earmarked reserve	1,701
<b>Net Budget Requirement for 2015/16</b>	<b>158,428</b>
<b>Less :</b>	
Revenue Support Grant (section 8)	(47,791)
Locally retained business rates (section 8)	(56,417)
One off Collection Fund Surplus	(1,830)
<b>2015/16 Council Tax Requirement</b>	<b>52,390</b>

<sup>3</sup> The council tax requirement is the expenditure that is to be funded from council tax. The council tax base is the income that will be generated from a council tax charge of £1.

## INFLATION AND GROWTH

### Inflation

6.1 The following provision is made for inflation:

- **Price inflation** is provided for when there is a contract in place.
- **Pay inflation** is provided for in accordance with the agreed national settlement (2.2% from January 2015 at a full year cost of £2m).
- **Fees and charges** The budget strategy assumes that there will be no real terms increases in any fees and charges, unless set by outside Statute or Regulation. In line with previous council policy, this is calculated using the Retail Price Index (RPI) for inflation in the August of the year preceding the budget. The standard RPI increase (2.4%) has been applied to fees with a base budget of £7m, which represents only 10% of the total fees and charges. The remaining 90% of fees will see a real terms cut. Many fees and charges will be frozen in absolute terms, including charges for parking, school lunches and adult education. Some charges, such as Meals on Wheels, have been reduced. Other charges, most notably Home Care Charges, have been scrapped altogether. A listing of proposed savings that have seen a real terms cut or were charged by outside bodies are set out in Appendix F.

### Growth

6.2 Growth is provided through the budget process as necessary. This is detailed in Appendix C and summarised in Table 2.

**Table 2: 2015/16 Growth Proposals**

	£'000s
Adult Social Care	599
Children's Services	1,392
Environment, Leisure and Residents Services	687
Finance & Corporate Services	300
Housing and Regeneration Department	130
<b>Budget Growth</b>	<b>3,108</b>
Transport and Technical Services Growth offset against additional savings found within department	925
<b>Total Growth</b>	<b>4,033</b>

6.3 The reasons why growth has been provided are set out in Table 3.

**Table 3: Reasons for 2015/16 Budget Growth**

	<b>£'000s</b>
Government related	900
Other public bodies	375
Increase in demand/demographic growth	489
Council Priority	511
Existing budget pressures	1,758
<b>Total Growth</b>	<b>4,033</b>

## **7. SAVINGS AND INCOME GENERATION**

7.1 Savings of **£23.8m** are required to balance the 2015/16 budget. In bringing forward proposals to meet this challenge the Council has:

- Protected front-line services. The focus is on back office cuts, such as from the council's public relations and senior management budgets.
- Better negotiation from developers, suppliers and partners to get maximum value for the Council.
- Focus on asset rationalisation to reduce accommodation costs and deliver debt reduction savings.
- Sought to deliver the best possible service at the lowest possible cost. Effective budget management is essential.
- Advancing commercialisation and increasing market share for those services (such as business waste) where the Council is operating in competition with other suppliers.
- Recognised that more cross-cutting action is necessary. A number of council-wide transformation portfolios have continued to deliver savings, such as Business Intelligence.
- Taken forward working collaboratively with others. Shared solutions will be taken forward as and when appropriate.
- Made best use of the NHS funding for social care and public health.
- Given consideration to the public sector equality duty ('PSED')

7.2 The saving proposals are detailed in Appendix C with the 2015/16 position summarised in Table 4.

**Table 4: 2015/16 Savings Proposals**

<b>Department</b>	<b>Savings £'000s</b>
Adult Social Care	(6,514)
Children's Services	(4,071)
Environment, Leisure and Residents' Services	(1,395)
Libraries and Archives	(162)
Finance and Corporate Services	(2,762)
Housing and Regeneration	(982)
Transport and Technical Services	(4,307)
Public Health	(350)
<b>Total Departmental Savings</b>	<b>(20,543)</b>
Corporate Savings	(3,273)
<b>Total All savings</b>	<b>(23,816)</b>

7.3 For 2016/17, on current projections, cumulative savings of £40.9m will need to be delivered rising to £69.7m by 2018/19. Redundancies are unavoidable but will be kept to a minimum by focusing on vacant posts, controlling recruitment, improving redeployment procedures and releasing agency staff.

## **8. EXTERNAL AND BUSINESS RATES FUNDING**

8.1 The Government funding receivable is detailed in Appendix E. On a like-for like-basis 2015/16 funding is £20m (26% in cash terms) less than in 2014/15. The funding includes council tax freeze grant of £0.618m (equivalent to 1% of the Band D charge). This will be built into the baseline for future years.

8.2 Prior to 2013/14 all business rates income collected by a local authority was paid to the Government. Now 30% is retained locally whilst 50% is paid to the Government and 20% to the Greater London Authority. The key elements of the business rates retention system, for Hammersmith and Fulham, are set out in Appendix H.

8.3 Hammersmith and Fulham is disadvantaged by the business rates retention scheme. This authority is budgeted to be £2m worse-off than under the previous formula grant system. This is because what is actually expected to be collected (the LBHF 30% share) is lower than was previously assumed within the system.

8.4 The main reason why Hammersmith and Fulham has lost from the business rates retention scheme is that the rating list has been subject to significant appeals. Appeals are outside the Council's control.

Retail relief

- 8.5 As part of the Autumn Statement changes to business rates the Government announced that all occupied shops, restaurants, cafes and drinking establishments, with a rateable value of £50,000 or less, will receive a reduction of £1,500 off their net rates payable for 2015/16. This is an increase of £500 on the reduction offered in 2014/15. Where the net rates payable are less than £1,500 the business will receive relief up to the value of their bill. This relief is known as “Retail Relief”.
- 8.6 The Government have confirmed that they will reimburse the full cost of any relief granted for this change under the rates retention system. An initial estimate of the likely cost for 2015/16 is £1.5m. The respective shares under rates retention system are:
- |              | £m         |
|--------------|------------|
| H&F          | 0.45       |
| GLA          | 0.30       |
| Government   | 0.75       |
| <b>Total</b> | <b>1.5</b> |
- 8.7 The Government do not consider that banks, building societies, payday lenders, betting shops, pawn brokers, estate agents, letting agents, dentists, doctors, solicitors, accountants, insurance agents and post offices qualify for this relief and in addition businesses will need to confirm that they do not exceed certain state aid limits to qualify. This will be implemented in the same way as in 2014/15.
- 8.8 As this is a measure for 2 years only the Government do not propose changing legislation. Instead the Government expect authorities to use its powers under the Localism Act and adopt a local scheme to enable the granting of this relief. It is recommended that the Executive Director of Finance and Corporate Governance be authorised to implement the business rates retail relief scheme as proposed by the Government.



## 9. HAMMERSMITH AND FULHAM'S COUNCIL TAX REQUIREMENT

- 9.1 Council on 28 January formally agreed a Tax Base of 71,983 equivalent Band D properties for 2015/16. Therefore the Council's element of the Council Tax can be calculated as follows:

$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base}} = \frac{\pounds 52.390\text{m}}{71,983} = \pounds 727.81$
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- 9.2 This represents a 1% cut in the LBHF element of the council tax charge.

## 10. PRECEPTOR'S COUNCIL TAX REQUIREMENTS (SUBJECT TO CONFIRMATION)

- 10.1 The Greater London Authority's precept of £21.235<sup>4</sup>m is also funded from Council Tax. The following table analyses the total amount to be funded and the resulting overall Band D Council Tax level.

$\frac{\text{Preceptors Budget Requirement}}{\text{Tax Base}} = \frac{\pounds 21.235\text{m}}{71,983} = \pounds 295.00$
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- 10.2 This represents a 1.3% cut from the 2014/15 level.

## 11. OVERALL COUNCIL TAX REQUIREMENTS 2015/16

- 11.1 It is proposed to reduce Hammersmith and Fulham's element of the Council Tax in 2015/16 by 1% in order to provide a balanced budget in year with £14m - £20m in current reserves (see section 14). The overall amount to be funded from the Council Tax is calculated as follows:

**Table 5 – Overall 2015/16 Council Tax Requirement**

London Borough of Hammersmith & Fulham	<b>£000s</b> 52,390
Greater London Authority	21,235
<b>Total Requirement for Council Tax</b>	<b>73,625</b>

<sup>4</sup> The precept charge is based on consultation by the Greater London Authority. It is due to be confirmed on February 23. Any adjustment will be reported to Budget Council.

- 11.2 In accordance with the Local Government Finance Act 1992, the Council is required to calculate and approve a council tax requirement for its own budgetary purposes (section 9) and then add the separate Council Tax requirements for each of the preceptors (section 10). The requisite calculation is set out in Appendix A.
- 11.3 The Council must then set the overall Council Tax for the Borough. These calculations have to be carried out for each of the valuation bands A to H, and are set out in the recommendations at the front of the report. The amount per Band D equivalent property is calculated as follows:

$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base}} = \frac{\text{£ 73.625m}}{71,983} = \text{£1022.81}$
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## 12. CONSULTATION WITH NON DOMESTIC RATEPAYERS

- 12.1 In accordance with the Local Government Finance Act 1992, the Council is required to consult with Non Domestic Ratepayers on the budget proposals. The consultation can have no effect on the Business Rate, which is set by the Government.
- 12.2 As with previous years, we have discharged this responsibility by writing to the twenty largest payers and the local Chamber of Commerce together with a copy of this report.

## 13. COMMENTS OF THE POLICY AND ACCOUNTABILITY (PAC) COMMITTEES

- 13.1 As part of the consultation process each department's estimates have been reviewed by a relevant PAC. A verbal update will be given if there are any formal comments.

## 14. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

### The Robustness of the Budget Estimates

- 14.1 Under Section 25 of the Local Government Act 2003, the Executive Director of Finance and Corporate Governance is required to include, in the budget report, a statement of her view of the robustness of the 2015/16 estimates.
- 14.2 Budget estimates are exactly that, estimates of spending and income at a point in time. This statement about the robustness of estimates cannot give a guaranteed assurance about the budget, but gives Members

reasonable assurances that the budget has been based on the best available information and assumptions. For the reasons set out below the Executive Director of Finance and Corporate Governance is satisfied with the accuracy and robustness of the estimates included in this report:

- The budget proposals have been developed following guidance from the Executive Director of Finance and Corporate Governance and have been through a robust process of development and challenge.
- Contract inflation is provided for.
- Adequate allowance has been made for pension costs.
- Service managers have made reasonable assumptions about growth pressures.
- Mechanisms are in place to monitor sensitive areas of expenditure and the delivery of savings.
- Key risks have been identified and considered.
- Prudent assumptions have been made about interest rates and the budget proposals are joined up with the requirements of the prudential code and Treasury Management Strategy.
- The revenue effects of the capital programme have been reflected in the budget.
- The recommended changes in fees and charges are in line with the assumptions in the budget.
- The provision for redundancy is reasonable to meet future restructuring and downsizing.
- The use of budget monitoring in 2014/15 in order to re-align budgets where required.
- A review via the Council Business Board of proposed savings and their achievability.
- A Member review and challenge of each department's proposals for the budget.
- The establishment of appropriate management and monitoring arrangements for the delivery of transformation programmes.
- A prudent approach has been adopted on the local share of income receivable through the business rates retention scheme.

### **Risk, Revenue Balances and Earmarked Reserves**

- 14.3 Under Section 25 of the Local Government Act 2003, the Executive Director of Finance and Corporate Governance is required to include in budget reports a statement of her view of the adequacy of the balances and reserves the budget provides for. The level of balances is examined each year along with the level of reserves in light of the risks facing the Authority in the medium term.

### **General Fund Balances**

- 14.4 The Council's general balance stood at £19m as at 1 April 2014 and it is currently projected that this will not reduce in the current financial year.

This will leave general balances at just over 10% of the 2014/15 budget requirement.

- 14.5 The Council's budget requirement for 2015/16 is in the order of £158.4m. Within a budget of this magnitude there are inevitably areas of risk and uncertainty particularly within the current challenging financial environment. The key financial risks that currently face the Council have been identified and quantified. They are set out in Appendix D and amount to **£11.9m**. They are summarised in Table 6. The Council has in place rigorous budget monitoring arrangements and a policy of restoring balances once used.

**Table 6: 2015/16 Budget Risks**

	£'000s
Demand Pressures	4,583
Income variation	1,145
Government Policy Impacts	4,013
Other	2,155
<b>Total</b>	<b>11,896</b>

- 14.6 Given the on-going scale of change in local government funding, the Executive Director of Finance and Corporate Governance considers that a wider than normal range needs to be specified for the optimal level of balances. She is therefore recommending that reserves need to be maintained within the range £14m - £20m. The optimal level is projected to be broadly met over the next 3 years and is, in the Executive Director of Finance and Corporate Governance's view, sufficient to allow for the risks identified and to support effective medium term financial planning.

### **Earmarked Reserves**

- 14.7 The Council also holds a number of one-off earmarked reserves to deal with anticipated risks and liabilities, and to allow for future investment in priority areas. Reviews are undertaken of the need for, and the adequacy of, each earmarked reserve as part of the budget process and again when the accounts are closed.
- 14.8 A new contribution of £1.332m is proposed in 2015/16 to an earmarked reserve for government related social care pressures. This reflects the risks facing the Council. £0.369m is also to be set aside regarding a potential cut in government funding for discretionary housing payments.

- 14.9 There is a risk that H&F Direct budgets are underfunded in order to deliver the service efficiently, without producing demand failure that results in adverse effects on customers and failure demand elsewhere in the Council. Pending a full review of the budgets and the ongoing work approved by Cabinet to eliminate a significant backlog of cases, any funding shortfall will be met from a dedicated reserve.

### **Council Tax Setting**

- 14.10 As part of the Localism Act 2011, the Government replaced the power to cap excessive budgets and Council Tax increases with compulsory referenda on Council Tax increases above limits it sets. For 2015/16 local authorities “will be required to seek the approval of their local electorate in a referendum if, compared with 2014/15, they set an increase in the relevant basic amount of council tax that is 2% or higher”. This will not apply to the Council.

### **Prior Year Collection Fund Surplus**

- 14.11 The Local Government and Finance Act 1988 requires that all council tax and non-domestic rates income is paid into a Collection Fund, along with payments out regarding the Greater London Authority precept, the business rates retention scheme and a contribution towards a Council’s own General Fund. As at the close of 2013/14, due to the receipt of higher than expected income, the Collection Fund was in surplus by £2.562m. The Hammersmith and Fulham share of this surplus is £1.830m and this is included within the 2015/16 budget proposals. The balance of £0.732m is payable to the Greater London Authority.
- 14.12 Due to the impact of rating appeals a deficit of £20.069m was also carried forward at the close of 2013/14 regarding business rates. The Hammersmith and Fulham share of the deficit was £6.021m and this will be charged to the revenue account in accordance with the requirements of the localised business rates scheme. The net impact on the revenue budget will be nil as the deficit will be matched by a drawdown from an earmarked reserve (funded from government grant).
- 14.13 Implications verified by: Jane West, Executive Director of Finance and Corporate Governance, Tel: 020 8753 1900

## **15. LEGAL IMPLICATIONS**

- 15.1 The Council is obliged to set the council tax and a balanced budget for the forthcoming financial year in accordance with the provisions set out in the body of the report.
- 15.2 In addition to the statutory provisions the Council must also comply with general public law requirements and in particular it must take into account all relevant matters, ignore irrelevant matters and act reasonably and for the public good when setting the Council Tax and budget.

- 15.3 The recommendations contained in the report have been prepared in line with these requirements.
- 15.4 Section 25 of the Local Government Act 2003, which came into force on 18 November 2003, requires the Executive Director of Finance and Corporate Governance to report on the robustness of the estimates made for the purposes of budget calculations and the adequacy of the proposed financial reserves. The Council must take these matters into account when making decisions about the budget calculations.
- 15.5 A public authority must, in the exercise of its functions, comply with the requirements of the Equality Act 2010 and in particular section 149 (the Public Sector Equality Duty). Members need to consider this duty in relation to the present proposals. In addition, where specific budget proposals have a potential equalities impact these are considered and assessed by the relevant service as part of the final decision-making and implementation processes and changes made where appropriate.
- 15.6 The protected characteristics to which the Public Sector Equality Duty ("PSED") applies now include age as well as the characteristics covered by the previous equalities legislation applicable to public authorities (i.e. disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, sexual orientation, religion or belief and sex).
- 15.7 The PSED is set out in section 149 of the Equality Act 2010 ("the Act") provides (so far as relevant) as follows:
- (1) A public authority must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- (3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by

such persons is disproportionately low.

(4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

(a) tackle prejudice, and

(b) promote understanding.

(6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

15.8 Case law has established the following principles relevant to compliance with the PSED which Council will need to consider:

(i) Compliance with the general equality duties is a matter of substance not form.

(ii) The duty to have "due regard" to the various identified "needs" in the relevant sections does not impose a duty to achieve results. It is a duty to have "due regard" to the "need" to achieve the identified goals.

(iii) Due regard is regard that is appropriate in all the circumstances, including the importance of the area of life of people affected by the decision and such countervailing factors as are relevant to the function that the decision-maker is performing.

(iv) The weight to be given to the countervailing factors is in principle a matter for the authority to determine, provided it acts reasonably. However it has been held in some cases that in the event of a legal challenge it is for the court to determine whether an authority has given "due regard" to the "needs" listed in s149. This will include the court assessing for itself whether in the circumstances appropriate weight has been given by the authority to those "needs" and not simply deciding whether the authority's decision is a rational or reasonable one.

(v) The duty to have "due regard" to disability equality is particularly important where the decision will have a direct impact on disabled people. The same goes for other protected groups where they will be particularly and directly affected by a decision.

(vi) The PSED does not impose a duty on public authorities to carry out a formal equalities impact assessment in all cases when carrying out their

functions, but where a significant part of the lives of any protected group will be directly affected by a decision, a formal equalities impact assessment ("EIA") is likely to be required by the courts as part of the duty to have 'due regard'.

(vii) The duty to have 'due regard' involves considering not only whether taking the particular decision would unlawfully discriminate against particular protected groups, but also whether the decision itself will be compatible with the equality duty, i.e. whether it will eliminate discrimination, promote equality of opportunity and foster good relations. Consideration must also be given to whether, if the decision is made to go ahead, it will be possible to mitigate any adverse impact on any particular protected group, or to take steps to promote equality of opportunity by, for e.g., treating a particular affected group more favourably.

- 15.9 All these matters will be considered by service departments as part of the final decision-making and implementation processes, but must also be considered by the Council when taking its decision.
- 15.10 To assist the Council in fulfilling its PSED, the Equality Impact Analysis ('EIA') that has been carried out in respect of the proposed budget, including the proposed Council Tax reduction, is attached to this report in Appendix G. This will need to be read and taken into account by the Council, together with the requirements of the PSED itself set out above, in reaching a decision on the recommendations in the report.
- 15.11 The EIA addresses the broad issue of the proposed reduction in Council Tax and identifies the areas of the budget which may have particular equality implications. It also identifies areas that are likely to require further detailed consideration prior to implementation during the financial year and which may, as a result, be subject to change. The courts have found that this is a legitimate approach.
- 15.12 Implications verified by: Tasnim Shawkat , Bi Borough Director of Law, telephone number 0208 753 2700



## **16. EQUALITY IMPLICATIONS**

- 16.1 Published with this report is an Equality Impact Analysis ('EIA'). The EIA assesses the impacts on equality of the main items in the budget proposed to Full Council as well as the decision to reduce Council Tax by 1%. The full EIA is attached, in Appendix G.

### **LOCAL GOVERNMENT ACT 2000** **LIST OF BACKGROUND PAPERS**

<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 A – The Requisite Council Tax Calculations for Hammersmith and Fulham

Appendix B – Medium Term Financial Forecast

Appendix C – Growth and Savings Proposals

Appendix D - Budget Risks

Appendix E – Government Grant Funding

Appendix F – Fees and Charges – exceptions to standard 2.4% increase.

Appendix G – Equalities Impact Assessment

Appendix H – The Business Rates Retention Scheme for Hammersmith and Fulham

Appendix I – Reduction in Spending Power

## APPENDIX A

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

		<b>£'s</b>
(a)	Being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2) (a) to (f) of the Act.	659,972,000
(b)	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act.	(586,347,000)
(c)	Being the aggregate difference of (a) and (b) above calculated by the Council in accordance with Section 31A (4) of the Act, as its council tax requirement for the year.	73,625,000
(d)	Being the amount calculated by the council as the council tax base for 2015/16 and formerly agreed by council on the 28 January 2015.	71,983
(e)	Being the amount at (c) divided by the amount at (d) above, calculated by the Council in accordance with Section 31B of the Act as the Basic amount of council tax (Band D) for the year.	1,022.81
(f)	Hammersmith and Fulham proportion of the Basic amount of its Council Tax (Band D)	727.81

(g) Valuation Bands – Hammersmith & Fulham Council:

(g) Valuation Bands – Hammersmith & Fulham Council:			
<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
485.21	566.07	646.94	727.81
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
889.55	1,051.28	1,213.02	1,455.62

being the amounts given by multiplying the amount at (f) above by the number which, in proportion set out in section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which that proportion is applicable to dwellings listed in band D, calculated by the Council, in accordance with Section 36 (1) of the Act, as the amounts to be taken into account for the year in respect of dwellings listed in the different valuation bands.

(h) Valuation Bands – Greater London Authority

That it be noted that for the year 2015/16 the following amounts in precepts issued to the Council in respect of the Greater London Authority, its functional and predecessor bodies, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
196.67	229.44	262.22	295.00
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
360.56	426.11	491.67	590.00

(i) That having calculated the aggregate in each case of the amounts at (g) and (h) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts of Council Tax for the year 2015/16 for each of the categories of dwellings shown below:

<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
681.88	795.51	909.16	1022.81
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
1,250.11	1,477.39	1,704.69	2,045.62