


<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>CABINET</b></p> <p align="center"><b>5 February 2018</b></p>	
<p align="center"><b>REVENUE BUDGET AND COUNCIL TAX LEVELS 2018/19</b></p>	
<p align="center"><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>  <b>Key Decision: Yes</b></p>	
<p><b>Consultation:</b>  <i>All departments.</i></p>	
<p><b>Wards Affected: All</b></p>	
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## **1. EXECUTIVE SUMMARY**

1.1. The 2018/19 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

## 2. RECOMMENDATIONS

- 2.1 To freeze the Hammersmith & Fulham element of the council tax charge, and not apply the 3% increase modelled by the Government for the coming year.
- 2.2 To not apply the “social care precept” levy of 3% as modelled by the Government for the coming year.
- 2.3 To set council tax for 2018/19 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 2018/19*
  - (b) *The element of council tax charged by the Greater London Authority will be £294.22 per Band D property in 2018/19*
  - (c) *The overall Council Tax to be set at £1,022.03 per Band D property in 2018/19.*
  - (d) *The Social Care Precept set at nil*

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	196.15	228.84	261.53	294.22	359.60	424.98	490.37	588.44
<b>c) Total</b>	<b>681.36</b>	<b>794.91</b>	<b>908.47</b>	<b>1,022.03</b>	<b>1,249.15</b>	<b>1,476.26</b>	<b>1,703.39</b>	<b>2,044.06</b>

- 2.4 To set the Council’s own total net expenditure budget for 2018/19 at £138.944m.
- 2.5 To approve £6.5m new spend on key council services.
- 2.6 To approve fees and charges as set out in paragraph 6.1, including freezes for all parking charges, and all fees and charges in children’s services, adult social care, housing, markets and libraries.
- 2.7 To approve the planned additional contribution of £0.620m to the Efficiency Projects Reserve and estimated contribution of £2.6m from the benefit receivable from the London 100% business rates retention pilot.
- 2.8 To note the budget projections, made by the Strategic Finance Director to 2021/22 in consultation with the Senior Leadership Team

- 2.9 To note the statement made by the Strategic Finance Director under Section 25 of the Local Government Act 2003 regarding the adequacy of reserves and robustness of estimates (section 14).
- 2.10 To authorise the Strategic Finance Director 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.
- 2.11 To require all Directors report on their projected financial position compared to their revenue estimates in accordance with the Corporate Revenue Monitoring Report timetable.
- 2.12 To authorise Directors to implement their service spending plans for 2018/19 in accordance with the recommendations within this report and the Council's Standing Orders, Financial Regulations and relevant Schemes of Delegation.
- 2.13 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.

### 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 freeze in the Hammersmith and Fulham element of council tax is recommended.** This includes not levying a 3% 'social care precept' or increasing council tax by 3% as assumed by Central Government. A tax freeze will provide a balanced budget whilst not increasing the burden on local taxpayers.
- 4.2 The council tax freeze has been delivered despite on-going government funding cuts and pressure from them to increase taxes. A continued reduction in the general grant receivable by Hammersmith and Fulham from **Central Government**. Grant funding<sup>1</sup> has been cut in each year since 2010/11. The total reduction since April 2010 to March 2018 has been £70m. In addition, there will be a further reduction in 2018/19 of £8.6m and further £5.2m cut is forecast in 2019/20. A fuller explanation of the funding forecast and spending power calculation is set out in Appendix I.
- 4.3 Growth of **£6.5m** has been provided to meet statutory obligations, demographic, service pressures and key resident priorities.
- 4.4 Savings of **£15.0m** are put forward to balance the 2018/19 budget. 40% of the savings relate to central support services and income from commercial activities.

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<sup>1</sup> After allowance for changes in funding between grant and business rates.

- 4.5 The budget proposals mean that Hammersmith and Fulham residents will pay council tax at 6% below the level modelled (social care precept and for council tax) by the Government for 2018/19. 2018/19 is the third year of a four-year local government finance settlement that started in 2016/17. From 2016/17 to 2018/19 Government modelling has assumed an overall council tax increase of 13.3% of which 7% relates to use of the social care precept.

## 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>2</sup>. The 2018/19 council tax requirement is £56.664m. The medium-term forecast, to 2021/22 is set out in Appendix B.

<b>Table 1: The Council Tax Requirement</b>	<b>£'000s</b>
<b>Base gross budget rolled forward from 2017/18</b>	<b>155,012</b>
<b>Plus/Minus:</b>	
Inflation (section 6)	5,207
Growth (section 6)	6,522
Savings and additional income (section 7)	-14,976
One-off Contribution to the Efficiency Projects Reserve	620
Earmarked Grant	
<b>Gross Budget Requirement</b>	<b>152,385</b>
Specific unringfenced grants (section 8)	-10,141
Use of developer contributions (section 8)	-3,300
<b>Net Budget Requirement for 2018/19</b>	<b>138,944</b>
<b>Less:</b>	
Revenue Support Grant (section 8)	0
Locally retained business rates (section 8)	-80,400
One off Collection Fund Surplus	-1,880
<b>2018/19 Council Tax Requirement</b>	<b>56,664</b>

## 6. INFLATION AND GROWTH

### Inflation

- 6.1 Inflationary pressures have increased in the wider economy with the August Retail Price Index showing an increase of 3.9% compared to 1.8% last year. This

<sup>2</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.

is against a background of a devaluation in the pound, following the outcome of the European referendum. For 2018/19, the sum provided for overall inflation is £5.2m compared to £2.9m in 2017/18. The provision made is:

- **Price inflation** of £3.4m is provided for when there is a contract in place.
- **Pay inflation** of £1.8m. This provides for a 2% pay award in line with the latest offer from the Local Government Employers.
- **Fees and charges**
  - Parking, Adult Social Care, Children's Services, Markets, Libraries and Housing charges frozen.
  - A standard uplift of 3.9% based on the August Retail Price index for some remaining fees.
  - Commercial services that are charged on a for-profit basis, will be reviewed on an ongoing basis in response to market conditions and varied up and down as appropriate, with appropriate authorisations according to the Council constitution.

Current proposed exceptions to the standard 3.9% increase 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: 2018/19 Growth Proposals**

<b>Department</b>	<b>£m</b>
Adult Social Care	1.249
Childrens Services	1.803
Environmental Services	0.395
Corporate Services	0.310
Regeneration, Planning & Housing Services	1.356
Centally Managed Budgets	1.409
<b>Total Growth</b>	<b>6.522</b>

**Table 3: Categorisation of Growth**

<b>Growth Categories</b>	<b>£m</b>
Government related	0.175
Other public bodies	0.015
Increase in demand/demographic growth	1.663
Resident Priority	1.836
Budget pressure	1.584
Living Wage Pressures	1.249
<b>Total Growth</b>	<b>6.522</b>

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

- 7.1 The saving proposals are detailed in Appendix C with the 2018/19 position summarised in Table 4.

**Table 4: 2018/19 Savings Proposals**

<b>Department</b>	<b>£m</b>
Adult Social Care	2.916
Childrens Services	2.086
Environmental Services	1.863
Libraries	0.100
Corporate Services	2.909
Regeneration, Planning & Housing Services	0.153
Public Health	2.000
Transformational	3.199
<b>Total Savings</b>	<b>15.226</b>
Less Savings accounted for in grant Resource forecast	-0.250
<b>Net Savings</b>	<b>14.976</b>

7.2 The saving proposals are categorised by savings area in Table 5.

**Table 5: Categorisation of 2018/19 Savings**

<b>Savings Categories</b>	<b>£m</b>
Business Intelligence	0.410
Budget reduced in line with spend	0.165
Commercialisation	3.147
Estate rationalisation	0.128
Income	0.521
Outside investment secured (i.e. Section 106, NHS)	0.085
Prevention	1.608
Procurement / Commissioning	5.227
Service reconfiguration	3.066
Staffing / Productivity	0.870
<b>Total Savings</b>	<b>15.226</b>
Less Savings accounted for in grant Resource forecast	-0.250
<b>Net Savings</b>	<b>14.976</b>

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

- 8.1 The Government funding receivable is detailed in Appendix E. On a like-for like-basis 2018/19 funding is (in cash terms) £8.6m less than in 2017/18. The grant figures are provisional pending the release of the Final Local Government Finance Settlement. Should grant figures change any adjustments will be reported in the first 2018/19 Corporate Revenue Monitoring Report.
- 8.2 **Business rates** are modelled to increase with inflation with allowance made for an extra £2.2m from the expected opening of the Westfield extension in March 2018. The key elements of the business rates system are set out in Appendix H (**Drafting Note – final figures not available for the despatch of the Council Report**).
- 8.3 London Local Government has been working to take forward a **100% business rates retention** pilot for London from April 2018. The pilot will pool business rates across the 33 London Boroughs and Greater London Authority (GLA). Under such an arrangement London will keep 100% of any growth in business rates, though business rates valuations and levels would still be set by Government. Indicative modelling has suggested this may benefit Hammersmith and Fulham by £2.6m. In addition, a suggested £110m would be generated for a London wide investment pot.
- 8.4 At present Hammersmith and Fulham retains 30% of the business rates it collects with the balance paid to the Government and GLA. Under the proposed pilot the share retained by Hammersmith and Fulham would increase to 67% with the

balance going to the GLA. The Council would not initially benefit from the increased share as there would be compensating adjustments (through grant cuts and payment of a tariff to Government). These adjustments are shown in Table 6. The benefit to Hammersmith and Fulham would be receiving a share of London's future business rates growth above the revised baseline.

**Table 6 – Changes to Funding Streams from the Business Rates Pilot**

	No-Pilot	With Pilot
Business Rates Baseline	77.9	157.8
Tariff payable to the Government	-18.8	-74.8
Funding Baseline	<b>59.1</b>	<b>83</b>
Revenue Support Grant	23.9	0
Total Hammersmith and Fulham Funding	<b>83</b>	<b>83</b>

- 8.5 Table 6 sets out the sums assumed by the Government in the 2018 Local Government Finance Settlement. The current Hammersmith and Fulham forecast, which will be updated in January, for business rates income is £80.4m. Under the pilot scheme there is a guarantee that no authority will be worse off than under the present scheme.
- 8.6 The 100% business rates retention pool:
- Is a pilot and may not continue after 2018/19.
  - Uses modelling based on an aggregation of high level estimates.
  - Will not confirm final income until October 2019 in relation to 2018/19.
- 8.7 Greater clarity on the potential benefits from the pilot 100% business rates retention pool will be available in mid-February, after each Borough updates their 2018/19 business rates forecast. No benefit is allowed for within the current resource forecast. Once confirmed the sum receivable will be added to reserves.
- 8.8 **Property developments** have placed increased pressure on council services in recent years. Section 106 (S106) agreements containing planning obligations are entered between developers and the Council as the Local Planning Authority. Legislation controls the use of such obligations, including regulation 122 of the Community Infrastructure Regulations 2010 which requires planning obligations to be:
- Necessary to make the development acceptable in planning terms;
  - Directly related to the development; and
  - Fairly and reasonably related in scale and kind to the development.
- 8.9 The Council has entered into a significant number of S106 agreements. Whilst S106 funds can only lawfully be applied in accordance with the terms of each specific agreement, as approved by the Planning Applications Committee, some approved funds are identified generally as being for expenditure on as yet unspecified "Social and Physical Infrastructure" or "Environmental Improvements" (although the agreements identify the types of projects/items the funds can be used for).



8.10 Provided the Council respects the obligation to maintain a reasonable relationship with the developments and complies with the specific terms of each of the S106 agreements giving rise to the funds, the Council has a degree of flexibility and discretion as to how it spends some of these funds. The Council has analysed all its S106 agreements that may give a financial benefit to determine which should be relied upon for budgeting purposes and which have flexibility in how they may be applied. As is usual in these circumstances many areas of Council activity that have faced increased demand following new developments offer a good fit with the purposes of some of the uncommitted S106 funds which can therefore be lawfully used to finance such activities.

8.11 The Council currently has section 106 receipts of £50.1m in hand with agreements in place for the receipt of future financial obligations of £201m. £72.4m of the future obligations are assessed as highly likely to be received by the close of 2021/22. The total amount of flexible funding in-hand, or highly likely to be received, is estimated to be a minimum of £72m by the close of 2021/22.

8.12 The 2018/19 budget assumes that £3.3m (an additional £0.7m compared to previous years) of expenditure will be funded from S106 resources with such funding on-going from 2018/19 to 2021/22. In addition, contributions of £1.7m per annum are assumed towards the provision of policing.

#### **HAMMERSMITH AND FULHAM'S COUNCIL TAX REQUIREMENT**

9.1 Council on 25 January formally agreed a Tax Base of 77,856 equivalent Band D properties for 2018/19. Therefore, the Council's element of the Council Tax can be calculated as follows:

$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base}} = \frac{\underline{\underline{\pounds 56.664\text{m}}}}{77,856} = \pounds 727.81$
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9.2 This represents a freeze in the Hammersmith and Fulham element of the council tax charge.

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

10.1 The Greater London Authority's precept of 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

$\frac{\text{Preceptors Budget Requirement}}{\text{Tax Base}} = \frac{\text{£22.907m}}{77,856} = \text{£294.22}$
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10.2 This represents an increase of £14.20.

## 11. OVERALL COUNCIL TAX REQUIREMENTS 2018/19

11.1 It is proposed to freeze Hammersmith and Fulham's element of the Council Tax in 2018/19. This will provide a balanced budget with £19m in General Fund balances (see section 14). The overall amount to be funded from the Council Tax is calculated as follows:

**Table 7 – Overall 2018/19 Council Tax Requirement**

London Borough of Hammersmith & Fulham	<b>£000s</b> 56,664
Greater London Authority	22,907
<b>Total Requirement for Council Tax</b>	<b>79,571</b>

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 must 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:

$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base}} = \frac{79.571\text{m}}{77,856} = \text{£1,022.03}$
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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 the budget proposals have been reviewed by all the PAC Committees.

## **14. COMMENTS OF THE STRATEGIC FINANCE DIRECTOR**

### **The Robustness of the Budget Estimates**

- 14.1 Under Section 25 of the Local Government Act 2003, the Strategic Finance Director is required to include, in the budget report, his view of the robustness of the 2018/19 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 Strategic Finance Director is satisfied with the accuracy and robustness of the estimates included in this report:
- The budget proposals have been developed following guidance from the Strategic Finance Director 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.
  - Rigorous mechanisms will be in place to monitor sensitive areas of expenditure and the delivery of savings. Whilst existing monitoring arrangements have previously delivered consistent budget. underspends the Council recognises that it faces an increasing financial challenge due to the combination of declining government grant, new burdens from government and demographic trends. The latest current year Monitoring Report (month 6) forecasts a gross overspend of £4.8m which will reduce to £2.3m should current mitigating actions be delivered. Officers are developing further

mitigating measures to close the remaining overspend and prevent future overspends.

- Key risks have been identified and considered.
- Prudent assumptions have been made about interest rates payable and the budget proposals are joined up with the requirements of the Prudential Code and Treasury Management Strategy.
- The revenue effects of the capital programme have been reflected in the budget.
- The recommendations regarding 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 2017/18 to re-align budgets where required with growth provided for 2018/19 to meet budget pressures.
- A review via the Strategic Leadership Team of proposed savings and their achievability.
- A Member review and challenge of all budget proposals.
- 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.
- Developer contributions fund some budget pressures. Such contributions can only be used once. Monitoring arrangements are in place to ensure that sufficient contributions are set aside to meet the budget assumptions.
- A process is in place for 2019/20, and beyond, to tackle underlying budget pressures.
- Review has been undertaken of the Moving On programme (the change to tri-borough shared services arrangements) with new structures costed and budgeted for within existing ongoing budgets, with some opportunities for savings resulting from Moving On included in this budget. A realignment of budgets will be required to reflect the new Hammersmith and Fulham structure and arrangements in due course.

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

- 14.3 Under Section 25 of the Local Government Act 2003, the Strategic Finance Director is required to include, in budget reports, his 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.
- 14.4 The key financial risks that face the Council have been identified and quantified (appendix D). They total £19.3m. Financial risks of £20.6m were identified when the 2017/18 Budget was set.

### **General Fund Balances**

- 14.5 The Council's general balance stood at £19m as at 1 April 2017 and it is currently projected that this will not reduce in the current financial year.

This will leave general balances at over 11% of the 2018/19 gross budget requirement.

- 14.6 Given the on-going scale of change in local government funding, and risks facing the Council, the Strategic Finance Director considers that general balances need to be maintained within the range of £14m to £20m. The optimal level is projected to be broadly met over the next 3 years and is, in the Strategic Finance Director's view, sufficient to allow for the risks identified and to support effective medium term financial planning.

### Earmarked Reserves

- 14.7 The Council holds a number of one-off earmarked reserves. The latest position is set out in Table 8. In the Strategic Finance Director's view such reserves are adequate to deal with anticipated risks and liabilities.

**Table 8 – General Fund Balances and Earmarked Reserves**

	<b>31/03/14 actual</b>	<b>31/03/15 actual</b>	<b>31/03/16 actual</b>	<b>31/03/17 actual</b>	<b>31/03/18 forecast</b>
	£'m	£'m	£'m	£'m	£'m
General Balances	19.0	19.0	19.0	19.0	19.0
Earmarked Reserves	81.6	89.5	90.0	82.7	75.5
	<b>100.6</b>	<b>108.5</b>	<b>109.0</b>	<b>101.7</b>	<b>94.5</b>

- 14.8 The Council has used reserves to fund investment in transformation and efficiency and other significant one-off costs pressures. Examples in 2016/17 included investments in ICT, Invest to Save schemes such as LED street-lighting and mitigating the impact of the Managed Services project.
- 14.9 The 2018/19 base budget includes planned contributions of £0.75m to the Efficiency Projects Reserve and £0.8m to the IT Enablers Reserve. In addition, the proposed savings for 2018/19 (£15.0m) currently exceed the budget gap (£14.4m). This will enable a further contribution to Reserves of £0.6m. The sum due from the London 100% Business Rates retention pilot (estimated at £2.6m) will also be put to Reserves. **In total, the estimated contribution to Reserves for 2018/19 is £4.75m.** Uses of Reserves in 2018/19 will include taking forward the Integrated Family Support Service, taking forward new arrangements for the outsourced managed services programme and funding the Landlord Incentive scheme to support the provision of temporary accommodation.

### 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 2018/19 local authorities “will be required to seek the approval of their local electorate in a referendum if, compared with 2017/18, they set an increase in the relevant basic amount of council tax that is 3% or higher”. No such referendum is required for this Council.

- 14.11 In addition the Government has given power for Hammersmith and Fulham to charge a 3% social care precept in both 2018/19 and 2019/20. This sum is included in Government projections for Hammersmith and Fulham’s spending power in future years. However, the Council wishes to avoid having to apply this tax to residents.

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

- 14.12 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 2016/17, due to the receipt of higher than expected income, the Collection Fund was in surplus by £2.603m. The Hammersmith and Fulham share of this surplus is £1.880m and this is included within the 2018/19 budget proposals. The balance is payable to the Greater London Authority.

## **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 Strategic Finance Director 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 are age, disability, gender reassignment, marriage and civil partnership,

pregnancy and maternity, race/ethnic/national origin, sexual orientation, religion or belief and sex.

15.7 The PSED is set out in section 149 of the Equality Act 2010 (“the Act”) and 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) The PSED is an integral and important part of the mechanisms for ensuring the fulfilment of the aims of anti-discrimination legislation.

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

(iii) Due regard is regard that is appropriate in all the circumstances, including the importance of the area of life of people affected by the decision and such

countervailing factors as are relevant to the function that the decision-maker is performing.

(iv) Although the weight to be given to equality issues and countervailing factors is for the decision-maker, it is for the Court to determine whether “due regard” has been given. This will include the court assessing for itself whether in the circumstances appropriate weight has been given by the authority to those “needs” and not simply deciding whether the authority’s decision is a rational or reasonable one.

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

(vi) The PSED does not impose a duty on public authorities to carry out a formal equalities impact assessment in all cases when carrying out their functions, but where a significant part of the lives of any protected group will be directly affected by a decision, a formal equalities impact assessment ("EIA") is likely to be required by the courts as part of the duty to have 'due regard'.

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

(viii) The duty is non-delegable and must be fulfilled by the Council and members personally.

(ix) The Council must ensure that it is properly informed before taking a decision.

(x) Council officials must be rigorous in both enquiring and reporting to the Council on equalities issues to assist Council and members to fulfil that duty.

(xi) The duty must be exercised in substance, with rigour, and with an open mind. It is not a question of “ticking boxes”.

(xii) The duty is a continuing one and equalities issues must be kept under review.

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 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 freeze 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.

Implications verified by: Kevin Beale – Senior Corporate Lawyer

## **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 freeze Council Tax. The full EIA is attached, in Appendix G.

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

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 the standard 3.9% increase

Appendix G – Draft 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)

		<u>£'s</u>
(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.	tbc
(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.	tbc
(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.	79,571,000
(d)	Being the amount formally agreed by Council as the council tax base for 2018/19.	77,856
(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.	294.22
(f)	Hammersmith and Fulham proportion of the Basic amount of its Council Tax (Band D)	727.81

(g) Valuation Bands – Hammersmith & Fulham Council:			
Band A	Band B	Band C	Band D
485.21	566.07	646.94	727.81
Band E	Band F	Band G	Band H
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 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>
196.15	228.84	261.53	294.22
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
359.60	424.98	490.37	588.44

(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 2018/19 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>
681.36	794.91	908.47	1,022.03
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
1,249.15	1,476.26	1,703.39	2,044.06