

London borough of Hammersmith & Fulham
**A summary of your council's
annual report for 2008/09**

Financing a borough of opportunity

Delivering value for money

The philosophy at Hammersmith & Fulham Council is 'putting residents first'. As our residents, we want to delight you, not only with the service you receive, but also with the value for money we give you. We want to be the most efficient council, delivering the best services at the lowest possible cost to our residents.

The financial year 2008/09 saw Hammersmith & Fulham deliver its second successive Council Tax reduction of 3%. We've followed this up with a third 3% reduction this year. It has meant we now charge the fourth lowest Council Tax of the 32 London boroughs.

In order to help our residents during this recession our attitude is to keep Council Tax as low as possible and to ensure every pound is well spent.

The council has demonstrated an on-going commitment to identify new efficiencies by including value for money as one of the designated targets in the 2008 local area agreement. A target has been set of delivering new cashable efficiencies of 3.5% per annum from 2008/09 to 2010/11. We are the only London borough to have included this as a target.

Learning from others

Hammersmith & Fulham has set itself the goal of being the lowest spending borough in London. We already compare well to Inner London as a whole, but we are striving to be the best.

To help us do this we benchmark our services against other London boroughs. This is so we can learn and share best practice which will enable us to deliver services at a lower cost and higher standard. We also work closely with other public sector partner organisations to ensure we all provide our services in an efficient and joined-up way.

An example of this is our integration with Hammersmith & Fulham Primary Care Trust which is enabling us to deliver better services and value for money. We're showing PCT financial information here for the first time.

Each year the demands for additional services exceed the additional grant provision provided by government. As a result of this, and our council tax reductions, we have to operate a continual process of financial review, development and delivery to achieve financial stability and sustainability. The summary of our financial performance for 2008/09, presented here, reflects our success at achieving this.



What we spent

Despite the tough economic conditions the council once again proved it was able to meet its budget and hit its targets. This is very important to us as we're spending tax payers' money and we need to make sure we manage it accordingly.

	2007/08	2008/09		
	Net Expenditure (£ million)	Net Budget (£ million)	Net Expenditure (£ million)	Difference (£ million)
Children's services	58	61	62	1
Community services	80	80	80	0
Central services to the public	9	9	9	0
Environment services	25	26	27	1
Residents services	19	12	12	0
Corporate services	-1	11	8	-3
Total	190	199	198	-1

A people business, working for you

The London borough of Hammersmith & Fulham is a big business - one of the biggest in the borough.

We spent £198 million last year on the borough and public services. We are a people business employing teachers, social workers, road-sweepers, youth workers and many other professionals who, in a very real sense, work for you.

Where does the money come from?

We funded our spending with £199 million of income. 58% came from Central Government in the form of Grants and Business Rates and just over a third from Council Tax. The Area Based Grant and Performance Reward Grant made up the remainder.



Where does the money go?

Net Expenditure 2008/09 (£ Millions)



Children's services - This includes expenditure on teachers, school buildings and children's social services and this is net of the Dedicated Schools Grant.

Community services - includes expenditure on adult social services, community safety, regeneration and some housing services.

Central services to the public - includes expenditure on electoral services, housing and council tax benefits.

Environment services - includes expenditure on refuse and cleansing and other environmental charges.

Residents services - includes expenditure on parks and culture, libraries and events around the borough.

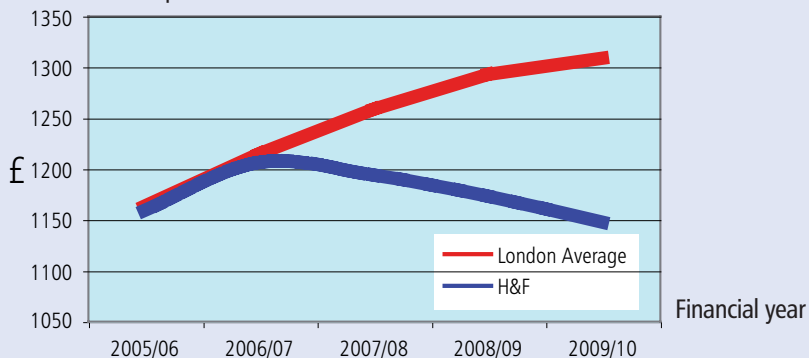
Corporate services - includes income and expenditure which does not relate to a specific service to the public, e.g. income from investments.

Council Tax

In 2008/09 we reduced our Council Tax by 3% again and demonstrated you can cut Council Tax and deliver excellent services.

The 2008/09 cut brought our Band D rate down to £1,172.59 (including the GLA precept), making us the 4th lowest borough in London.

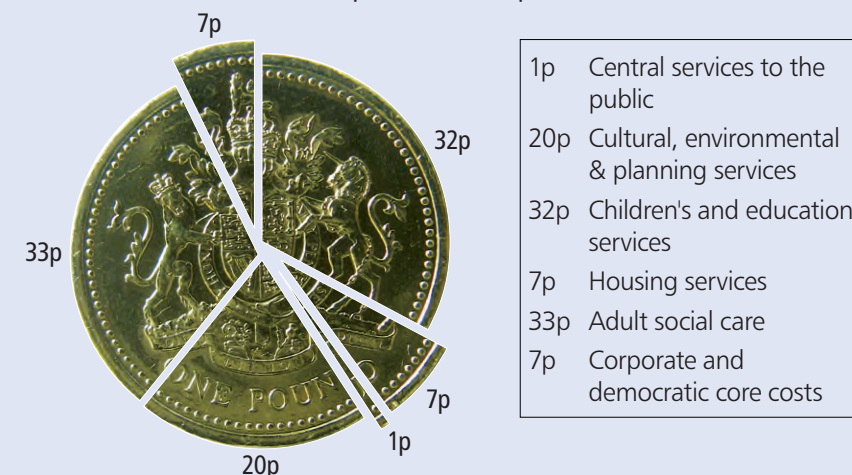
Council Tax comparison



Along with another reduction for 2009/10 to £1,146.71 this council tax graph makes pleasant reading.

As you can see from our income pie chart above (top) the council tax we collected from you in 2008/09 totalled £69 million.

Here is a breakdown of how each pound of it was spent:



Greater London Authority - we also have to raise funds for the Greater London Authority for the fire and police authorities and other London-wide services. In 2008/09 this total bill was £24.4 million. This is shown on our council tax bills, but it is simply collected and handed straight over.



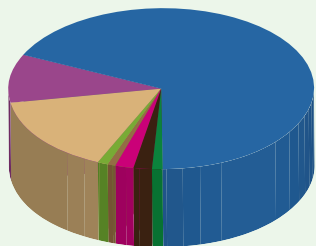
New Shepherds Bush Library

Capital expenditure

We also spend money on buying and improving our land, property, equipment and infrastructure. This 'capital expenditure' creates assets that add value to the council and improve the way we provide our services for years to come. It includes assets such as roads, buildings, housing and vehicles. This expenditure is treated separately from the day to day spending on services.

Our total capital expenditure for 2008/09 came to £103 million. Here is a breakdown of what we purchased, improved or built:

Capital expenditure



● Housing	£70m
● Other Land and Buildings	£10m
● Infrastructure	£16m
● Vehicles, Plant and Equipment	£1m
● Community Assets	£1m
● Assets Under Construction	£2m
● Investment Properties	£2m
● Intangible Fixed Assets	£1m

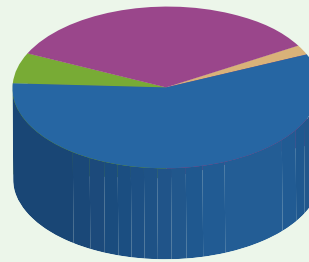
The £70m that we've spent on housing is predominantly on expenditure within the borough as part of the Government's Decent Homes scheme. This is an initiative that aims to improve the living conditions of social tenants and make sure social housing is of a decent standard.

Capital funding

Our capital funding comes from different sources to our day to day spending on services.

Sometimes we will get grants from central Government for specific purposes or we'll use proceeds from sales of existing assets. A lot of the time though, we require Government loans which are granted to us in accordance with the The Prudential Code for Capital Finance in Local Authorities.

Sources of capital funding



● Government Loans	£60m, (58%)
● Grants and Contributions	£35m, (34%)
● Capital Receipts	£6m, (6%)
● Direct Revenue Funding	£2m, (2%)

Some of the projects we've been working on in 2008/09 include:

- Imperial Wharf Community Resource Centre (£0.451m)
- Construction of the new Imperial Wharf railway station (£3.6m)
- Normand Park improvement (£0.904m)
- White City development - bus station (£2.9m)

- Wood Lane Streetscape improvements (£3.7m)
- New children's centres

We've also got plenty of improvements planned for 09/10 which include:

- New Shepherds Bush Library (£1.9m)
- Shepherds Bush Green improvements (£4.8m)



The balance sheet

The balance sheet shows a snapshot of the financial position of Hammersmith & Fulham Council at 31st March 2009. It shows we have assets totalling £2.1bn. If we subtract the council's liabilities we can see the Council's net worth is £1.1bn. Here is a summary of our Balance Sheet. You can see the complete version in our full set of accounts:

The council has physical assets worth £1.9 billion, of which council housing accounts for £1.3 billion.

£3.9 million of this is an accrued interest creditor. The remaining £399 million is discussed below.

This represents the difference between the value of the pension fund assets at 31st March 2009 and the estimated present value of the future pensions payments to which the council was committed at that date.

Grants and other contributions relating to fixed assets are accounted for here and released to the service revenue account in line with depreciation.

Balance sheet as at 31/03/09			
Assets	£'000	Financed by	£'000
Land, buildings, vehicles and equipment, roads	1,905,896	Capital accounting reserves	1,324,682
Investments	79,071		
Stock and work in progress	279		
Cash in hand	13,864	Major repairs reserve	30,673
Money owed to the council	78,779		
	2,077,889		
Liabilities			
Money owed by the council	(127,486)	Pensions accounts	(301,123)
Short & long term borrowing	(402,903)		
Pensions liability	(301,123)	Revenue balances	30,935
Government grants and contributions deferred	(92,102)		
Other liabilities	(36,055)		
	(959,669)	Earmarked reserves	33,053
Total assets less liabilities	1,118,220	Total net worth	1,118,220

The majority of these reserves reflect accounting adjustments. Only £5.38 million is available to finance new capital expenditure.

This reserve is only available for financing major repairs carried out to the housing stock. Any sums unspent are carried forward for use in future years.

This is a statutory reserve required to eliminate the impact of the net pensions liability on the council's net worth.

The council has a number of revenue reserves and balances. The pie chart below shows what these are for.

These are reserves set aside for a specific purpose or a particular service, or type of expenditure.

The council's debt

At the end of 2008/09 the council's debt stood at £399million. £353million of this related to council housing. The net cost to the Council Tax payer of servicing debt is currently running in excess of £7million a year. The council is committed to minimising that cost.

How has this debt arisen?

This debt has arisen through the council historically borrowing money to fund capital expenditure, such as the provision of new schools or highway improvements.

What are we doing about it?

A debt reduction strategy has been put in place that has already enabled debt to be reduced by £18million from the sale of underused assets. Tight constraints have also been put on new expenditure.

By the end of 2008/09 the debt reduction strategy has delivered annual revenue savings of £1.6million.

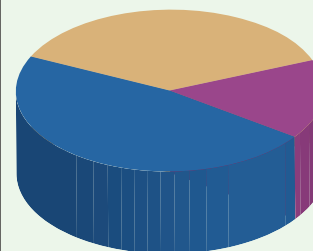
Work is on-going to make more effective use of the council's property portfolio and to deliver further revenue savings.

The council's reserves

The council has a very sound balance sheet. The amount in reserves are there for future projects and to protect the council against unforeseen events and emergencies.

Revenue balances

The council's revenue balances are shown in the pie chart below:



- General Fund £15m, (47%)
- Schools and Education Establishment Account £11m, (37%)
- Housing Revenue Account £5m, (16%)



The Housing Revenue Account (HRA)

The council performs the role of landlord for a number of the borough's residents. We pay for the maintenance and management of our housing stock and collect rents for our properties. There is a legal requirement for us to record this separately as we can't use Council Tax funds for HRA services or use HRA rents for General Fund Services.

The HRA income and expenditure statement shown below shows the major elements of housing expenditure - maintenance, management, rent rebates and how these expenditures are met from rents, subsidies and other income.

HRA income and expenditure account	
Income	£'000
Dwelling rents	(54,982)
Non dwelling rents	(2,386)
Charges for services & facilities	(10,192)
Contributions towards expenditure	(551)
HRA subsidy receivable	(11,245)
Total income	(79,356)
Expenditure	
Repairs, maintenance & management	52,523
Rents, rates, taxes and other charges	1,504
Increase in provision of doubtful debt	(261)
Other costs	14,260
Total expenditure	68,026
HRA share of corporate and democratic core costs	497
Increase in HRA balance	(10,833)
(Gains)/losses on disposal of HRA fixed assets	(4,558)
Financing charges	20,112
Interest and investment income	(1,914)
Pensions interest costs and expected return on pension assets	382
(Surplus)/deficit for the year	3,189

On the two statements on this page you'll see income shown in brackets - this is intentional and is the correct way to show income in Local Government accounting.

Primary Care Trust

NHS Hammersmith and Fulham (NHSHF) is the public name of Hammersmith and Fulham Primary Care Trust (PCT).

The PCT is the organisation responsible for planning and buying all the NHS care needed by residents in the London borough of Hammersmith and Fulham.

In April 2009 the council and NHSHF appointed a joint chief executive and introduced integrated management arrangements for the two organisations. This is part of developing a model for joint commissioning which delivers health improvement for the whole population. This will be achieved through early intervention with individuals to prevent or delay the onset of disease and manage conditions.

The programme is now entering the next phase and offers opportunities to develop shared corporate services as well as joint commissioning to exploit the opportunities to work together to improve:

- Access to services
- Delivery and quality of services
- Value for money

Here is a summary of the PCT's spending for 2008/09		
	2007/08	2008/09
	£'000	£'000
Spending on services we buy from other organisations		
Total spend (1)	270,227	263,760
Less income from outside the Department of Health	(13,932)	(15,217)
Spending on services we provide ourselves		
Total spend	26,707	31,630
Less miscellaneous income from outside the Department of Health	(2,322)	(3,665)
Total spending for the year	280,680	276,508

(1) Includes £0.610 million (2007-08 £13.1 million) of costs passed through the PCT for other NHS organisations and not relating to the PCT's activities.



We had some great responses from you on last year's summary. You said you found it informative, generally understandable but suggested some improvements that we should make.

In response to your feedback we've...

Explained more thoroughly any jargon or accounting terms that we've used.

We've given you more information regarding your council tax, and how we spend it.

Provided more information on the debt we hold.

Removed or explained the use of negative numbers in cases where they can be confusing.

Given previous year comparison figures.

Questions & answers

Will Hammersmith & Fulham be affected by the economic downturn and future cuts in public spending?

It is unavoidable that we will be affected by cuts in public spending both now and increasingly over the next few years. This is because we are significantly centrally funded and therefore at the mercy of Central Government funding decisions. However, we have demonstrated already that we are able to cut costs without cutting services and we will continue to innovate and drive out efficiencies in order to reduce costs and minimise the impact on our services and residents.

How are services being maintained when council tax is being cut?

Rather than cutting services we are ensuring we run them more efficiently to reduce their cost without reducing the quality. We're saving money by cutting red tape, reducing staff numbers and office space, making better use of IT and other efficiency initiatives. Staff numbers have fallen by 566 through efficiency measures and agency spend has tumbled from £22.7 million in 2005/06 to £19.5 million in 2008/09.

Cutting our historic debt and introducing competition to £90 million of services is producing savings that mean services can be improved or maintained at current levels rather than being reduced.

What are your spending priorities for 2009/10?

As part of the Government's Building Schools For The Future scheme we're planning for £200 million of improvements across secondary schools in the borough. We're also improving town centre policing by spending £1.15 million on extra police in town centres, including for the first time, Hammersmith town centre. We'll be spending £8.1 million on our parks and open spaces with major improvements planned or already happening at Shepherds Bush Green, Normand Park, South Park and Frank Banfield Park. We are also retaining and enhancing weekly refuse collections by including recycling collections and street cleansing on the same day.

Want to know more?

The council produces a full 110 page statement of accounts for 2008/09. Printed copies will shortly be available in all our libraries as well as being obtainable on request from the council's finance department. It can also be found on our website www.lbhf.gov.uk along with plenty more useful information.

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Question: What percentage of Hammersmith & Fulham Council's income comes from council tax?

Answer: _____%

QUESTIONNAIRE

1. Did you find these summary accounts useful?
 Yes No
2. Did you find the table, graphs and pie charts easy to understand?
 Yes No
3. Was the text useful and informative?
 Yes No
4. Is h&f news a useful place to publish this type of information?
 Yes No

Name:

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Any other comments:

Please send your completed questionnaire to
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King Street, W6 9JU

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