City of Westminster

Cabinet Report

Decision Maker:	**Cabinet**
Date:	**30th October 2017**
Classification:	**For General Release**
Title:	**2018/19 Budget Proposals**
Wards Affected:	**All**
Policy Context:	**To manage the Council's finances prudently and efficiently**
Finance Summary:	**This report sets out the Council's proposed outline budget for the 2018/19 financial year**
The Report of:	**Steven Mair, City Treasurer** **Tel: 0207 641 2904** **Email: smair@westminster.gov.uk**

1 Executive Summary

City For All: the council's strategy and priorities

1.1 Westminster City Council's strategy, City for All, aims to make Westminster a place where every single person has the opportunity to realise their potential, where providing affordable housing gives the best possible prospects for people to thrive and where enabling businesses to flourish creates economic prosperity that everyone can benefit from.

1.2 There are three clear priorities for 2017/18 to achieve this:

- We will put civic leadership and responsibility at the heart of all we do;
- We will promote opportunity and fairness across the city;
- We will set the standards for a world class city.

1.3 These priorities are underpinned by an open, working partnership between residents, businesses and stakeholders –through which the Council will work with across the community to build an even fairer, stronger and more cohesive Westminster.

1.4 All budget proposals presented have been carefully tested against the City for All priorities.

1.5 To support the delivery of these priorities and the underpinning delivery programmes, the Council will continue to embed the staff values of being:

- **Productive** – to show initiative, drive and determination and help others to be productive and make informed decisions;
- **Ambitious** – to constantly challenge, create new solutions and work as a team;
- **Collaborative** – to work with partners, show local leadership, treat everyone with courtesy and fairness and challenge one another respectfully; and
- **Enterprising** – to constantly seek better Value for Money and to reduce cost, seeking to generate growth and take managed risks to achieve the best outcomes.

1.6 The challenging financial climate resulting from year on year funding reductions, increased demands for services and wider macro uncertainty has continued to adversely impact Local Government. Based on indicative settlement information from Central Government and the Council's internal modelling, it is anticipated that further savings will be required in 2018/19 and beyond.

1.7 For 2018/19, the Council has continued to build on the time invested in the 2017/18 Medium Term Planning process and is in a position to put forward budget proposals for 2018/19 for consideration and approval now. This provides a greater period of time for review and planning of budget proposals allowing more time to be spent ensuring a smooth implementation and supporting the achievement of these budget changes.

1.8 It should also be noted that there is the potential for further changes to the Council's financial position between the date of this report and Full Council 7 March 2018. These matters may include:

- Changes made by Central Government to the Council's grants which may become apparent in December 2017;

- Pressures to budgets not currently anticipated;

- Other changes which are unforeseen e.g. a material change to interest rates;

- As a result of consideration of consultations or equality impact assessments.

1.9 Issues of this type will be closely monitored as the 2017/18 financial year progresses. A great deal of work has gone into the development of these budget proposals which has again been a challenging process and has to date identified gross savings of £37.695m. As in previous years, the majority of the proposed savings are from measures which avoid service reductions e.g. expenditure reduction through income generation, efficiencies and other transformation means.

1.10 While some uncertainties remain, the Council is confident the budget proposals presented in this report offer a strong basis of a fully balanced budget for 2018/19. Furthermore, the Council is well placed to meet its future financial challenges if management action on budget proposals continues as currently envisaged and planned.

1.11 A decision on the West End Partnership (WEP) funding is expected as part of the Chancellor's 2017 Autumn Budget Statement. It is expected that DCLG will make an announcement on whether they will fund WEP, and potentially the funding mechanism that will be used – which is most likely to be Tax Increment Financing (TiF) or grant.

1.12 At period 6, services area revenue budgets are projected to underspend by £2.982m by year-end. All variances will be subject to active management through the financial year and it is anticipated that a favourable variance will delivered by year end in line with the Council's track record. The Council tracks and monitors performance monthly and any risks are reported through routine management reporting along with the progress being made against the savings and growth targeted for the year. Westminster adopts a robust and pro-active approach to budget management, with a focus on strategic (corporate) and operational (service areas) risks and opportunities.

1.13 The capital programme is set in detail over the period from 2018/19 to 2031/32 at a gross budget of £3.02bn (including first five years of planned HRA investment) and is funded through the use of external funding, capital receipts and borrowing. Capital investment is targeted to deliver the aims of City for All, delivering affordable homes, improved facilities and well-maintained infrastructure and public realm. This will help Westminster to maintain its status as a key global centre for business, retail, entertainment and tourism and continue to provide first class services for our residents. The Capital Strategy contains further details on the capital schemes and is reported separately on this agenda.

1.14 The Council has examined every area of operation to identify opportunities to reduce costs and generate additional income. The Council is also investing through its capital programme to ensure its property portfolio remains fit for purpose to deliver first class services and generate commercial income. This climate of austerity and increasing demands will continue for the foreseeable future but with our track record of continued leadership and management action the Council can deliver a balanced budget for 2018/19 and beyond.

2 Recommendations

2.1 That Cabinet approve the following:

- That budget proposals for the 2018/19 budget where relevant external consultations have been completed and as reviewed by the Budget and Performance Task Group as detailed in Annex A be approved;

- That in principle, the budget proposals for the 2018/19 budget where relevant external consultations have not been completed as separately listed in Section 16 is approved. Such proposals will be further considered, by Full Council on 7 March 2018, once all consultations and EIAs have been completed;

- That the views of the Budget and Performance Task Group set out in Annex A be considered as required;

- That the draft estimated cash limited budgets for each service with overall net expenditure for 2018/19 of £168.163m (as set out in Schedules 1 to 6) be noted. These figures are draft and based on 2017/18 Period 6 budgets which may change before final budget setting is completed in March 2018;

- That the Equality Impact Assessments included in Annex B be received and noted to inform the consideration and approval of this report;

- That the Cabinet receives a further report in February 2018 which will finalise the budget for 2018/19.

3 Reasons for Decision

3.1 The presentation of this Budget Proposals report offers an early opportunity to note and approve budget changes for the 2018/19 financial year. All proposals have been assessed for whether they require consultations and equality impact assessments, whether these have been completed or not and, where they have not been completed, timescales for completion. Completed EIAs are available to all members at Annex B.

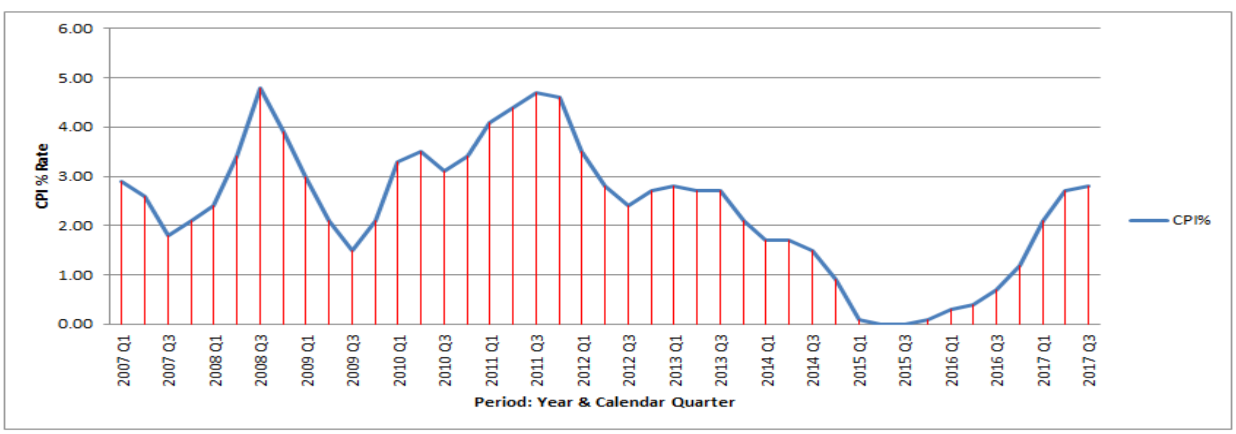
4 **Financial Context**

Central Government: Funding Landscape and Westminster

4.1 Since 2010 Westminster City Council has faced significant financial challenges stemming from the economic downturn which first began to manifest in late 2007. This resulted in austerity measures announced in the Government's October 2010 Spending Review and was accompanied by higher expectations on the Council. Specifically, the Council has had to contend with:

- Grant funding reductions from Central Government;
- Demand led pressures impacting services e.g. due to demographic changes;
- Uncertainty on inflation;
- Service pressures;
- Other issues e.g. Government policy changes as part of managing austerity.

4.2 These financial challenges have created a climate of uncertainty for councils that have had to manage funding reductions against the need to provide for risks and pressures, many of which are volatile and subject to variables outside of the council's control e.g. inflation. The graph below illustrates the unpredictable nature of CPI inflation as recorded by the Office of National Statistics for the period between January 2007 to September 2017:



Source: Office of National Statistics

4.3 This climate is expected to last for the foreseeable future and the Council will continue to adapt by developing stronger understanding of future developments e.g. fully localised business rates retention and implications of Brexit. The Government's Autumn Statement and Spending Reviews from the past few years have set out the strategic direction for public expenditure. These have confirmed significant reductions in the funding for Local Authorities. The last Autumn Statement saw the focus move away from balanced public sector spending by 2020 to the middle of the next decade – but has seen no reduction to previously planned reductions to Local Government funding up to 2020.

4.4 The Local Government Finance system has fundamentally changed in recent years, the previous system was highly centralised and allocated funding on the basis of relative needs and resources. At the start of 2017/18, the expectation was that by the end of the decade, this would be replaced with a fully localised system. This system was envisaged to make Local Government as a whole self-funding but consequently meant that individual Councils would bear more risk than ever before.

4.5 This shift in risk has occurred since 2010, in the gradual move away from centralisation to that of localisation and greater emphasis on the provision of financial incentives in the funding system. The most visible examples were the introduction of the Business Rates Retention scheme, New Homes Bonus grant and abolition of Council Tax Benefit Subsidy. Projected national flat real growth in business rates poses real risks to the adequacy of long term local government funding.

Overview of Financial Context and Challenges

4.6 The Council accepted the Government's offer of a four year funding allocation in the 2016/17 in order to gain some level of certainty on future funding and assist in service planning and collaboration with partner organisations. This gave the Council a Settlement Funding Assessment (SFA) reducing from £140.570m in 2016/17 down to £119.860m in 2019/20. The Council was assured by DCLG that by accepting this four-year deal it will not be worse off than if it had not taken up the offer.

4.7 For 2018/19 it is anticipated that the Council's loss of Revenue Support Grant will total £8.100m which will need to be found from budget savings along with other pressures and funding reductions. However, the government's commitment to fix the four year funding allocation was caveated with the following conditions:

- The uplifting of the Business Rates multiplier by RPI inflation rate in September of every year (changing to CPI in 2020). Inflation has fluctuated in recent years;

- Future events such as the transfer of responsibilities to local authorities and transfers between authorities would impact an annual settlement.

- The extent to which the Council may by impacted by any changes to government funding will be known in December 2017. In the event any changes presented and adverse pressure to the Council additional budget proposals may have to be brought forward to bridge any gap.

2018/19 Budget Gap

4.8 As a result of the challenges and financial climate above, for 2018/19 it is currently estimated that the Council will have to meet a total gross savings requirement of £37.695m. This encompasses savings required to meet reduced government grants and cross cutting pressures of £30.800m and additional savings finance the impact of direct service pressures of £6.895m for 2018/19. The proposals identified through the medium term financial planning (MTP) process to meet these challenges are set out in Schedule 4 to this report.

4.9 Some of the most significant strategic financial challenges the Council will face in 2018/19 are set out below:

- On-going Austerity – further government cuts. The Council's Revenue Support grant is anticipated to be reduced in 2018/19 by £8.1m. It is possible further changes will be made to the Council's funding by central government which will be known in December 2017.

- The Business Rates system continues to expose the Council to financial pressures which are beyond its control. The primary issue for Westminster is that of outstanding appeals which include those from prior revaluations. DCLG's spending power assumptions take inadequate account of original NNDR valuation errors and thus, despite real underlying growth in the Council's business rate taxbase, the Council has found itself over time with substantially lower NNDR yields than required to meet its DCLG-assumed Baseline Funding levels. For 2017/18, this shortfall in funding was calculated at the start of the year to be £6.33m although current monitoring suggests the position will be more positive than this by year end. Council officers have been actively working with officials in the formal Systems Design Working Group (consisting of various local government representative bodies and others including the Local Government Association, the Valuation Office, CIPFA and DCLG) to engage with Central Government. The group is working to highlight on-going problems with Business Rate localisation arrangements and to propose viable, long-term solutions ahead of the full planned national localisation of Business Rates in 2020.

- Brexit - The potential effects of Brexit are currently un-quantified but are explored within Section 4 of this report. Potential effects are both short term and longer term and could impact on revenue budgets, capital projects, treasury management and the pension scheme.

- On-going exposure to risk – the Council is an extremely complex organisation and is subject to a wide range of risks many of which are unknown and cannot be quantified. It is therefore essential that the Council maintains adequate general reserves to provide a buffer against these risks. This issue is explained further in Section 11.

- Other Pressures - the Council will continue to face pressures arising through commercial, legislative, demographic and operational issues across the whole range of its services. Combined with these factors, the Council also has to finance contractual and salary inflation, pension cost increases, capital financing and other pressures.

March 2017 Government Spring Budget

4.10 On 8 of March 2017, the Chancellor delivered the Spring Budget, which as mentioned above will be the last. Future budget announcements will be made in autumn and the Government will use the spring period to respond to Office of Budget Responsibility forecasts in a "Spring Statement."

4.11 This change in timetable could benefit the Council as Budget announcements made in the autumn can be analysed and along with the December finance settlement be incorporated in the final Council Tax and Budget Report in time for submission to Cabinet and Full Council in March.

4.12 The announcement in March 2017 included the following:

- Additional social care funding of £2bn would be made available for Local Government in England over the next three years. In 2017/18, £1bn would be distributed, followed by £674m in 2018/19 and £337m in 2019/20. This is over and above any Social Care Funding reported in the 2017/18 Council Tax and Budget Report which Full Council approved on the 1 March 2017. The Council's share of additional funding in 2017/18 was later confirmed as £6.647m. In total, £12.317m of iBCF funding has been allocated to Westminster City Council in 2018/19;

- Announcement of a Green Paper to be published by the end of 2017 which would discuss the long-term sustainability of the social care sector;

- A memorandum of understanding published by the Government on London Devolution. This covered funding infrastructure, transport, criminal justice, health, skills and employment support;

- The memorandum also set out a commitment for the Government to explore options for granting more powers and flexibility to London over the administration of Business Rates.

- Measures following the September 2016 revaluation of Business Rates, effective from April 2017:

i. In 2017/18, a £1k discount for all pubs with a rateable value of less than £100,000 (90% of all pubs nationally – 195 premises in Westminster out of a total of 397). Details subsequently announced suggest this will only be available for those owning just one public house rather than chains;

ii. A £300m discretionary fund to allow Local Authorities to deliver discretionary relief to target individual hard cases in their area – it was unclear if the GLA, not being the billing authority, will be given any role in this;

iii. A relief for any business coming out of Small Business Rate Relief due to the Revaluation which will provide a further additional cap such that their rates bill will not rise by more than £50 a month (and in subsequent years capped at either the transitional relief cap or £50/month – whichever is higher);

- Previously announced Central Government departmental savings of £3.5bn following efficiency reviews by 2019/20 are still expected. There is a possibility as in previous savings reviews that some departments e.g. Health, Defence, International Aid will be ring-fenced and so either protected from any savings or have savings requirements capped. This then magnifies the overall reduction on non-ring fenced departments such as DCLG which in turn could impact the Council;

- The expansion of Free Schools is set to continue with the availability of £320m of funding nationally. The intention is to fund up to 140 new schools which include independent-led faith, selective and other specialist schools.

- Entitlement to free school transport will be expanded to include children aged 11-16 who receive free school meals or whose parents claim full working tax credit to their nearest selective school. This is already available to eligible pupils attending a faith school. This is estimated to cost £5m per year.

Tri-Borough to Bi-Borough

4.13 The Tri-borough to Bi-borough programme aims to build on the most successful elements of Tri-borough shared services over the past six years to deliver effective, modern public services to meet the needs of our residents and stakeholders now and in the future. By working together, we will continue to ensure that public money goes further, and build on our reputation for providing innovative services that support the most vulnerable.

- In Adult Social Care, we will continue to champion shared hospital discharge services across London, and create more personalised, integrated and locally focused services;

- In Public Health, we will increase collaboration with other departments and the NHS to tackle complex issues such as social isolation. This will bring a step change in the way we use our funding to improve people’s health and wellbeing;

- In Children’s Services, we will increase support for vulnerable children, through early intervention in education, greater protection from exploitation and increased support for young carers.

4.14 Bi-borough will also establish joined-up commissioning across Adult Social Care, Public Health and Children’s Services. This innovative move will enable us to create more unified services, transforming the way we serve families and communities.

Adult Social Care Precept

4.15 The offer by the Secretary of State for Communities and Local Government to Adult Social Care authorities, effective from 2016/17, gave upper-tier authorities with ASC responsibilities the option to charge an additional precept on their Core Council Tax without the need to hold a referendum, to thus assist those authorities in meeting expenditure pressures in Adult Social Care.

4.16 There are on-going pressures on Adult Social Care budgets due to particular market cost pressures and forecast demand growth for care services as a result of increasing numbers of older people, people with disabilities and people with long term health conditions needing care. These demographic pressures are exacerbated by increasing pressure from hospitals to discharge patients in a timely fashion, particularly during the winter months. There is also added pressure from reduced capacity to make efficiencies from external care providers without affecting the quality of care they provide, along with an increase in homecare costs – potentially exacerbated by changes to the Living Wage.

4.17 The state of the market and unavoidable cost pressures will continue to be a major challenge. Activity and level of complexity is increasing alongside demographic changes, workforce pressures from the Living Wage and the driving down of price are all major dynamics that are impacting on the availability and quality of services.

4.18 Between 2015/16 and 2016/17 the number of Adult Social Care packages provided has increased from 2,095 to 2,287. This is an increase of 192 cases, or 9.16% increase over a 12 month period.

4.19 For financial modelling purposes it has been currently assumed that for 2018/19 the Council will apply the precept for Adult Social Care (ASC) of 2% on its share of Council Tax bills. This will not be considered or approved until March 2018 and should it not be taken forward revisions will have to be made in the period before March 2018. Should any authority choose to apply 2% onto Council Tax bills for the ASC precept, it is assumed that the Council will have to complete a declaration to DCLG within 21 days of its annual budget being approved by Council. This declaration will compare budget changes in adult social care to the rest of the general fund to demonstrate that the Council has spent the funds raised from the precept on the purpose for which it was intended.

Sustainability Transformation Programme

4.20 The Sustainability Transformation Programme (STP) sets out a shared ambition across the NHS and Local Government to create an integrated health and care system that enables people to live well and be healthy.

4.21 This shared ambition aims to address the following gaps in:

- **Health and wellbeing** – preventing people from getting ill and supporting people to stay as healthy as possible;

- **Care and quality** – consistent high quality services, wherever and whenever they are needed;

- **Finances and efficiency** – making sure we run and structure our services as effectively as possible.

4.22 The Council lies within the North-West London region with 7 other Local Authorities (LAs) and 8 Clinical Commissioning Groups (CCGs). It is an NHS led process and a draft plan of NW London's STP vision was developed with involvement from commissioner, provider, local government and patient representative groups. The plan recognises funding pressures and identifies delivery areas to bridge any gap. The key driver for the NW London STP plan is to improve health and wellbeing, enhance clinical outcomes and achieve financial sustainability.

4.23 In October 2016, North West London submitted a draft plan to NHS England. This draft plan set out five delivery areas:

- Radically upgrading prevention and wellbeing;
- Eliminating unwarranted variation and improving long term condition management;
- Achieving better outcomes and experiences for older people;
- Improving outcomes for children and adults with mental health needs; and
- Ensuring we have safe, high quality and sustainable acute services.

4.24 Funding restrictions from NHS England on the STP have required CCGs and LAs to rethink the scope of the original plans, and instead develop local programmes for efficiencies and savings. These local programmes will be set up throughout the North-West London area. The impact from STP plans on local authorities is something that is continuously assessed. Indicatively, there will be an increased burden on social care services provided by local authorities but offset by funding to be devolved from the NHS.

4.25 The Joint Health and Care Transformation Group has been set up to oversee the STP plan and approve/decline proposed business cases.

Better Care Fund (BCF)

4.26 The Department of Health (DoH) and DCLG released the BCF Policy Framework on 31st March 2017. This policy framework for the Fund covers two financial years (2017-19) to align with NHS planning timetables and to give areas the opportunity to plan more strategically.

4.27 There are a few changes compared to previous years, including a reduction in the number of national conditions and the introduction of the Improved Better Care Fund (iBCF) of £2bn over the next 3 years. £1bn of this fund became available from 2017/18 and is being paid as a DCLG grant direct to councils and ring-fenced to social care; the grant comes with conditions that it should be pooled into the Better Care Fund.

4.28 The guidance outlines that the funding is to be paid as a direct grant under Section 31 of the Local Government Act 2003. The Policy Framework sets out that the following conditions apply to the grant:

- a requirement that local authorities include the funding in their contribution to the pooled Better Care Fund, unless an area has explicit Ministerial exemption from the Better Care Fund;
- a requirement that the funding is used to support adult social care to ensure it has the expected impact at the care front line and;
- that the funding does not replace, and should not be offset against, the NHS minimum contribution to adult social care.

4.29 The Council is proposing to continue its existing transformation programme to deliver better and more personalised services and outcomes for residents entitled to support under the Care Act.

4.30 However it has been agreed, along with RBKC to utilise the additional funds to provide greater stability for the local highly challenging care market, to sustain and increase additional short term capacity procured to assist with better hospital discharge and also to work with health partners to reduce delayed transfers of care.

4.31 In total, £12.317m of iBCF funding has been allocated to Westminster City Council in 2018/19. Further work is underway as part of the development of the full Better Care Fund Plan to prioritise the utilisation of the additional funding but at present, it is anticipated that funds will support the following priorities:

- To deliver greater market stabilisation and in particular increased domiciliary care and direct payment rates and an inflationary uplift for residential care providers.
- To purchase additional capacity, primarily within domiciliary care to assist with better hospital discharge. Part of this will include some capacity previously funded by health commissioners on a none recurrent basis through the existing BCF Pooled Budget;
- To create a pooled fund with health commissioners to deliver system-wide changes and in particular to assist with implementation of the High Impact Delayed Transfer of Care Model.

4.32 The care market across inner London is particularly fragile with Inner London highlighted as having significant pressures across all care groups. While pressures have been building over the last five years, prices have been driven down in real terms and this has resulted in increased concerns about the quality of provision and its continuity.

4.33 A number of providers have exited the market in recent months and the Council expects this trend to continue. Westminster City Council, along with other Councils within the West London Alliance continue to work together to increase the sustainability of the local care market. It is anticipated that utilisation of part of the additional iBCF funding will play a major part in bringing additional stability and sustainability to the care market in inner West London.

4.34 Enhancing health in Care Homes - The Council is working with the CCG and other members of the West London Alliance to implement the NHSE Enhanced Care in Care Homes Framework. All patients have a named GP and under whole systems a number of high risk patients will have access to case management; this includes access to geriatrician and specialist services as required.

Wider Environment - "Brexit" and Developments in 2017/18

4.35 The Department for Exiting the European Union was established to lead on the negotiations for the UK to withdraw from the EU.

4.36 In March 2017, the "European Union (Notification of Withdrawal) Bill" became an Act of Parliament and will enable the Government to invoke Article 50 of the Treaty of the European Union and begin the formal negotiations to withdraw.

4.37 In May 2017, a white paper, "The United Kingdom's exit from and new partnership with the European Union" set out the twelve priorities for the UK that negotiations will be centred on:

1. Providing certainty and clarity	**2.** Taking control of our own laws	**3.** Strengthening the Union	**4.** Protecting our strong historic ties with Ireland and maintaining the Common Travel Area
5. Controlling immigration	**6.** Securing rights for EU nationals in the UK and UK nationals in the EU	**7.** Protecting workers' rights	**8.** Ensuring free trade with European markets
9. Securing new trade agreements with other countries	**10.** Ensuring the United Kingdom remains the best place for science and innovation	**11.** Cooperating in the fight against crime and terrorism	**12.** Delivering a smooth, orderly exit from the EU

4.38 One of the largest areas of uncertainty and risk for the Council has been on the future of EU citizens in the UK and potential impacts to workforce, rights of residency, access to public services, etc. Discussions in respect of the rights of EU citizens in the UK and UK nationals in the EU remain ongoing.

4.39 Irrespective of the developments above, commentators such as the Institute for Fiscal Studies have speculated on the potential implications of a withdrawal on the UK's public finances. Some of these may have more of a direct impact on the Council than others. Also, some of these may be short term whilst others have longer term implications. For instance:

- The fall in value of Sterling as a result of the reduction in demand for Sterling-based assets could theoretically lead to higher inflation due to the rising price of imported goods. Higher inflation impacts the Council two-fold in that the Council's contracts will be indexed annually based on this higher inflation value and because the Council may have to pay more for general goods and services. Additionally it could impact on future local government pay settlements;

- Over the medium to long-term, there could be implications for trade costs between the UK and European nations, foreign direct investment into the UK, regulatory changes and net migration.

Brexit Impacts on Treasury Management

4.40 In late 2016/17, treasury advisors speculated that "Brexit" could have implications on the Council and its investment counterparties. For instance,

- The Bank of England's decision to lower reduce the Bank Rate to 0.25% directly impacted the Council's percentage return on cash investments. The Government's long-term approach to monetary and fiscal policy and therefore the impact on the Council will be influenced by a potential withdrawal from the European Union and the path this takes.

- The Council currently invests with financial institutions based in London who possess "passporting" rights which enable them to sell their products and services across the European Union. If any company or financial institution did relocate to Europe away from the UK (as some sector commentators have suggested may occur) due to the UK withdrawing the European Union, their domicile status would change and so could mean they fall outside of the Council's sovereign rating criteria and thus lead to a required change in the investment portfolio mix.

4.41 Cabinet has formed an informal sub-group to understand more fully how Brexit may impact both positively and negatively on different business sectors, the City's communities and the Council, as well as making sure that the Council is well prepared to actively lobby for changes to legislation if and when the opportunities present themselves. Specifically the Council will continue to review and plan for developments including:

- how negotiations on withdrawing from the EU could impact the retention and wage costs of certain sectors and therefore the Council such as in the case of social care e.g. care homes. According to one estimate, three out of five care workers in London were born outside of the UK and of this, 28% in the EU;

- modelling how unexpected “spikes” in inflation could impact the Council’s gross expenditure e.g. contract costs, utilities and supplies and services;

- examining potential risks and ensuring that there are adequate resources set aside to mitigate or manage these in the short term; and utilising all possible means such as: the offer of a multi-year finance settlement; flexibility on using new capital receipts to generate efficiencies; and regular project monitoring.

Pension Fund

4.42 The Council's Pension Fund advisor indicated in a recent report that the levels of uncertainty around 'Brexit' and the domestic political environment has had a weakening effect on growth in the UK. The Pension Fund investments are diversified across regions which should lessen any impact of uncertainty, however this could impact the funding levels resulting in an increase in employer contributions to the Fund.

Business Rates

4.43 The current Business Rates Localisation Scheme whereby local authorities retain 50% of their NNDR tax yield (30% Westminster and 20% GLA) was introduced from the start of 2013/14. A series of top-ups and tariffs was applied to re-distribute these locally retained shares back to a starting baseline position – after which local authorities would benefit from subsequent growth, or bear their share of the losses (down to a capped level of loss at 7.5% below Baseline levels). As part of a pilot arrangement the GLA will retain 37% of the yield from 2017/18 – offset by a lowering of the DCLG share.

4.44 Government intends to amend this system by 2020 so that all business rates are retained by local authorities. At the same time, they will revise the data and formulae used to determine the SFA and re-baseline local authority needs assessments. This system reset has the potential to see further changes to the Council's funding assessment and lead to further reductions beyond 2020/21 (subject to any damping arrangements that apply).

4.45 Westminster would have seen real growth in its NNDR yield since 2013 had it not been for the impact of back-dated appeals against the original 2010 rating assessments. The Council has experienced a very high number of appeals (43,750 by the end of June 2017) of which around 37% have been successful.

4.46 The Council is protected from losses caused by these back-dated appeals where net retained yield falls below 92.5% of Baseline funding levels.

4.47 Westminster has been below this level in every year since 2013/14 until the latter stages of 2016/17. The 2017/18 Revaluation has introduced further uncertainty with regard to future NNDR yield and is compounded by the new "Check-Challenge-Appeal" process introduced by the Valuation Office Agency so far giving little data on which to forecast the future likely appeals provision requirement. That said, the average 25% increase in values in 2017 compared to the 62% increase in 2010 has allowed the Council to forecast future yield to match assumed Baseline funding levels rather than remaining in Safety Net.

West End Partnership

4.48 Westminster City Council, in partnership with other public and private sector partners, has established the West End Partnership (WEP) to transform the long term performance and success of the West End of London. The West End is the cultural and economic capital of the UK which belongs to and benefits everyone in the UK. It generates greater economic output than anywhere else in the UK with more than £51bn in Gross Value Added per year, 15% of London's economic output. Employing more than 650,000 people, the area generates the largest proportion of taxes with more than £17 billion of tax receipts per year.

4.49 The West End is primarily responsible for London's status as the world's most popular visitor destination with more than 31m international visitors spending over £11bn in the West End. The West End is an important gateway to other UK tourist destinations and drives growth across the UK. Oxford Street is also the UK's high street with more than 50m UK based visitors. The West End's success and long term growth cannot be taken for granted and investment is needed to ensure that the West End can continue to compete with its global competitors.

4.50 The WEP has developed a £1bn WEP investment programme that will transform the international competitiveness and productivity of the West End and the UK. The WEP programme will unlock growth, attract investment, improve competitiveness, improve air quality, create jobs and generate substantial tax revenues to the Exchequer.

4.51 Public and private sector funding has already been secured for the WEP's priority projects and business cases have been submitted to government to secure the additional funding required to mobilise the programme. Business cases have been submitted for the WEP's priority projects including the transformation of £425m Oxford Street District, the £30m redevelopment of The Strand / Aldwych and the West End Jobs programme. The WEP strongly supports a Tax Incremental Finance (TIF) mechanism to underpin the long term development and reinvestment across the West End.

4.52 The three identified priority projects have a funding gap of £320m and it is hoped the Chancellor will consider favourably the business case and funding proposals already with HM Treasury and DCLG and provide for the funding requested to progress these proposals as part of the Autumn Budget so that the West End can strengthen its economic contribution to the UK economy and unlock private sector investment into the UK.

Developing Mayoral Policy

4.53 A number of current and future consultations on a range of planning-related topics are being brought forward by the Mayor of London which the council will be considering and responding to.

- **The Mayor's Transport Strategy (consulted on until October 2017**) sets out ambitions to change car use to increase walking, cycling and public transport, make all vehicles zero emission capable by 2050, and achieve a 10% reduction in freight across the city;

- **London Environment Strategy (Consultation expected Autumn 2017)** which is anticipated will look to bring together seven existing pan-London environmental strategies into a single strategy;

- **Housing Supplementary Guidance.** The Supplementary Planning Guidance (SPG) proposes:

  - Introducing a threshold approach to viability whereby schemes which do not provide 35% affordable housing must submit detailed viability information to justify this, while schemes which provide 35% affordable housing will not be required to submit any viability information.

  - Introducing a comprehensive review mechanism for schemes which provide less than 35% affordable housing to ensure that contributions to affordable housing are increased if viability improves over time.

  - Introducing a "CIL-type" tariff approach for affordable housing which Westminster strongly supports.

  - Grant funding for the delivery of affordable housing. For schemes which provide less than 35% affordable housing, if the affordable proportion with grant is below 40% then a grant will only apply to the additional units over and above the "baseline level" of affordable housing - the amount shown as being viable without grant funding. If the total meets or exceeds 40% then grant funding may be available for all affordable units in the scheme.

  - Changes to the preferred tenure mix of affordable housing– at the moment the London Plan has a strategic requirement for 60% affordable units to be social and 40% intermediate. The SPG proposes changing this to require 30% low cost rent (social or affordable rent), 30% intermediate products with London Living Rent and shared ownership being the default tenures, and the remaining 40% to be determined by the Local Authority.

  - That the Mayor does not consider the vacant building credit (VBC) should apply in London, that the 'existing use +' (EUV+) viability approach should be used for all viability assessments in London and that the distinct economics of build to rent should be taken into account in viability assessments.

- **Culture Strategy (expected November).** Early indications from the GLA are that its Culture Strategy for 2030 will cover a wide range of issues – from protecting affordable workspace (via the London Plan), to the London Borough of Culture programme and Creative Enterprise Zones;

- **London Plan.** Informal consultation took place between October and December 2016. The programme for the Full Review of the London Plan includes consultation on the draft Autumn 2017, Examination in Public (Summer 2018) and Publication of the Final London Plan (Autumn 2019). Officers have met counterparts at the GLA to discuss emerging potential areas of change, to ensure that these are broadly 'in general conformity' with the Mayor's emerging approach. The council's City Plan is on track to be consulted on and adopted before the London Plan. Inevitably this means a further City Plan revision will be required after the adoption of the new London Plan to take account of these changes;

- **MCIL2 Proposal.** On 26th June 2017 the Mayor published for public consultation the Mayor of London Community Infrastructure Levy 2 Preliminary Draft Charging Schedule (MCIL2 PDCS). It is the Mayor's intention that from April 2019 MCIL2 will supersede the current Mayor's Community Infrastructure Levy (MCIL1). It is intended that MCIL2 will be used to contribute to funding for Crossrail 2. The consultation documents make clear that the Mayor may however choose to apply the MCIL2 to any other strategically important transport project that is listed in the London Plan;

  Proposed MCIL2 rates in Westminster are set out below. This includes a significant change to the current MCIL rate of £50 charged for all uses (excluding health and education) across the whole of Westminster.

Land Use	**Geographical Area of Westminster**	**Proposed Rate (£ per sq m)**
All uses (except for health and education)	Outside of the Central Area	£80
All uses excluding office, retail, hotel, health and education	Central Area	£80
Office	Central Area	£185
Retail	Central Area	£165
Hotel	Central Area	£140

5 Underlying Financial Strategy

5.1 The Council's financial strategy is to:

- balance recurrent expenditure with estimated income in order that the Council has a sustainable financial position, is able to deliver on its key objectives and successfully operate in a radically changed financial environment;

- maintain an appropriate level of reserves to protect the Council against future budgetary impacts and the continuing financial pressures which the Council faces;

- strengthen the Council's balance sheet to provide long term financial benefits. For example, in the 2017/18 Council Tax and Budget Report approval was received to utilise one-off underspends or apply the flexible use of capital receipts towards the Pension Fund for long term benefits;

- continue to proactively explore with partners possibilities of pooling resources to achieve joint outcomes e.g. STP and BCF;

- risk manage its budget estimates to ensure that they are robust and, to ensure that the budgets agreed are managed and delivered in year as required;

- operate to the highest standards of financial management in all areas in order that the Council's finances are robustly secured, value for money is obtained, all professional standards are properly maintained, step change improvements in finance are brought about at pace and rigorous review and quality assurance of all financial matters is undertaken;

- investigate and pursue external funding and investment opportunities that are appropriate for the Council;

- plan over a medium term of 10 years in order that the Council is fully informed as to future scenarios and can prepare appropriate action; and

- challenge and improve all financial management practices seeking to (by way of example) minimise cost, maximise working capital opportunities, pro-actively manage its balance sheet, operate rigorous financial modelling and budget management, ensure financial advice is of the highest quality and bring about step changes improvement in its accounts.

5.2 The Council is confident the budget proposals contained within this report form a strong basis to deliver a balanced budget for 2018/19. The Council is managed with strong financial discipline and as part of year-end planning it is intended to strengthen Earmarked and General Reserves in line with the Reserves policy if the opportunity presents itself. In line with Council practice, any further reductions in specific grants will be matched by reductions in associated expenditure.

6 Financial Performance – Revenue 2017/18

6.1 At period 6, services area revenue budgets are projected to underspend by £2.982m by year-end. All variances are subject to continued active management throughout the financial year.

6.2 The main areas contributing to the projected underspend are summarised below:

- (£1.927m) - City Management & Communities - Licensing £0.800 Highways £0.600m; Parking £0.329m; Waste & Parks £0.269m;
- (£0.820m) - PPC – Vacancies £0.620m; £0.200m supplies & services;
- (£0.750m) - City Treasurer – Interest Earnings;
- £0.970m - Growth, Planning & Housing – Property Investment & Estates;
- (£0.455m) - Other Net Variances

6.3 The forecast outturn for this month on the HRA is an adverse variance of £1.820m.This is largely due to:

- A projected shortfall in budgeted income of £2.077m which is mainly due to a shortfall in lessees' contribution to major works income;
- This is offset by a projected increase in Other Income of £0.257m e.g. from non-dwellings rent and lease extensions.

6.4 Fundamental to any well managed organisation is a strong finance service. In times of unprecedented pressure on public sector finances this becomes all the more pertinent. Within Westminster City Council the finance service has been developed to lead the industry in its innovation, quality and value added to the organisation.

6.5 An illustrative list of the activities the service has undertaken so far during 2017/18 to raise standards are as follows:

- A business planning processes with objectives which include supporting the City for All plan, adding value, creating a positive working environment and fostering a culture of innovation and excellence in everything we do;
- Continuing to deliver a comprehensive training and development programme putting staff development at the heart of what we do;
- Enhanced communication and staff engagement through new workgroups, forums and communication channels;
- Effecting a positive culture change through the introduction of initiatives focussed on employee motivation;
- Process reviews to reflect a best in class service;

- ➢ Development and implementation of a workforce plan aligned to both current and future service needs;
- ➢ Embedding a coaching culture across the finance team through targeted training sessions to further drive culture change and staff empowerment;
- ➢ Assessment of the internal audit process and overall risk management;
- ➢ Modelling a 10 year zero-based budget plan based on analysis of identified operating costs drivers;
- ➢ Refined finance graduate scheme to align with future departmental needs and those of the new generation of graduates;
- ➢ Quarterly full close down of accounts; and
- ➢ Completion of a continuous programme of improvement for the Statement of Accounts.

6.6 The finance service is seeking to achieve further improvements, efficiencies and achievements in 2018/19 in line with the department's drive for continuous improvement. This will be achieved through the motivation and empowerment of the workforce.

7 Revenue Budget 2018/19

Funding Gap

7.1 As noted in Section 1, to meet the funding challenges in 2018/19, the Council has had to meet a total gross savings requirement of £37.695m. This encompasses savings of £30.8m needed due to reduced government grants, capital financing costs, inflation (contractual and employee), pension deficit contribution and a further £6.895m to finance the net additional impact of direct service pressures. The net of these savings and pressures which have resulted in the gap are summarised as follows:

Budget Gap 2018/19

Description	£'m
Core Funding Loss	8.100
New Homes Bonus Loss	1.900
Inflation	6.200
Risks	3.000
Pension Fund Deficit Recovery	4.000
Pressures	4.300
Capital Programme	3.300
Total	**30.800**

7.2 The gross savings agreed in the MTP process are summarised as follows:

MTP Budget Change Classification

Budget Change Category	£'m	%
Financing	14.832	39.30%
Commercial	5.045	13.40%
Transformation	8.567	22.70%
Efficiency	9.251	24.50%
Total	**37.695**	**100.00%**

Approach to Meeting the Estimated Funding Gap in 2018/19

7.3 The process for identifying the 2018/19 savings proposals has been accelerated in comparison to previous years. The benefit of this is that services have a greater period of time in which to prepare implementation plans and to complete staff consultations, public consultations and the like. The Council believes in long term planning and many of the savings are a continuation of transformation plans from the previous financial year and are expected to run into future years.

7.4 The governance of the process is managed through a series of monthly "Star Chamber" meetings throughout the financial year which review draft budget proposals. The intention of these meetings is to review budget proposals for deliverability, acceptability and fit with strategic objectives.

7.5 Regular liaison and leadership by Cabinet continue throughout the process. Presentations for the Budget and Performance Task Group took place in October 2017.

7.6 EIAs are prepared in respect of all proposals and are made available within this report for consideration. In addition, all of the full EIAs were presented to the Budget and Performance Task Group meetings.

7.7 As far as possible, the Council has targeted financing and commercial revenues, efficiency and transformation as being the main sources of the budget savings in order to minimise the impact on the end service received by service users. As per the analysis in paragraph 7.2, no savings have resulted from service reductions.

8 2018/19 Risks and Budget Robustness

8.1 The Council is a large, complex organisation with a wide scale and diversity of assets, interests, liabilities and other responsibilities. These require considerable on-going monitoring and review particularly in light of the challenging financial climate. With this in mind, the Council has recognised the on-going need to identify risks and have measures in place to mitigate should they occur (risks by their nature can never be completely removed). The Council has long had processes built into its Medium Term Planning (MTP) process to address this.

8.2 For example, a Corporate Budget Group consisting of representatives from the City Treasurer, People Services, Policy, Communications, Legal Services and Procurement hold regular meetings to review budget options. These reviews cover requirements on Stakeholder Consultations, staff restructures and Trade Union liaison (where budget options involve staffing changes), legal implications and deliverability etc.

8.3 The 2018/19 revenue budget has been prepared on the basis of robust estimates and adequate financial balances and reserves over the medium term. As part of on-going reviews for these, the City Treasurer's department leads on:

- monthly budget monitoring and financial challenge to ensure budget options are being adhered to and that any other base budget variances, risks and opportunities are being suitably identified and mitigated; and

- continuing to replenish reserves and balances towards an appropriate level in order to provide an adequate buffer for any series of one-off pressures – or to provide sufficient time to identify on-going mitigations in a systematic way.

Overleaf is a summary of selected key, strategic risks / weaknesses and mitigating actions:

MTP Risk Analysis

Risk / Weakness	Implications	RISK	Mitigating actions	Relevance to Services
1. Financial Management				
Significantly reduced funding levels pose a high risk for the Council. Reshaping and improving Council services requires strong financial management skills across the organisation. The Council has been required to find savings year on year from its budget since 2010/11. It is becoming harder to identify low risk savings opportunities and thus the need to protect the General Fund by holding suitable levels of reserves to mitigate higher risk becomes more essential.	Decisions may be taken which have potentially adverse consequences for the Council in later years.		1) Robust Budget preparation, budget setting, and a Budget Accountability Framework are key elements in ultimately eliminating this risk. 2) Regularly reviewing balances, and forecasting income and expenditure against budgets can assist in reducing the underfunding risk. 3) Implementation of best practice within the finance department	All
2. Localising Business Rates				
On-going substantial risk from appeals and also the impact on collection rates as following the implementation of localising business rates, 100% of outcome will fall on Local Government.	Adverse financial outcome for the Council in future years In addition the Council faces the prospect of future transfer of responsibilities or “new burdens” with the potential full localisation of Business Rates. The Government has already indicated that new responsibilities would transfer over to Local Government (to ensure the new Business Rate’s scheme is revenue neutral). The Council must ensure it is well resourced to manage the responsibility of new services that could potentially be demand led (or historically under-funded).		1) Continuing efforts to collaborate and interact with DCLG, Valuation Office, London Councils, etc. 2) Leading on responses to consultations. 3) Lobbying "Central Government" (i.e. Valuation Office, DCLG)	All

Risk / Weakness	Implications	RISK	Mitigating actions	Relevance to Services
3. Business Rates Appeals				
Reduction in funding and impact of backdating of appeals. Localising of Business Rates will increase this risk from 50% to 100% for Local Authorities. The related opportunity is from consultations on dealing with Business Rates appeals process - checking and challenging might reduce the number of live appeals.	Adverse financial outcome(s) for the Council in future years		1) Review data with Valuation Agency and other relevant stakeholders to reduce number of appeals 2) Continuing discussions with DCLG and the Valuation Office on measures to resolve outstanding appeals	All

Continued Overleaf

Risk / Weakness	Implications	RISK	Mitigating actions	Relevance to Services
4. Pension Fund Assets / Pension Fund Deficit				
Pension Fund assets failing to deliver returns in line with the anticipated returns underpinning valuation of Pension Fund Liabilities over the long-term.	The Council's Pension Fund being under-funded resulting in an increase in the employer contribution rate and deficit funding that the Council pays into the fund.		1) Exercising prudence when anticipating long-term returns, analysing progress, providing quarterly comparisons, regularly benchmarking assets to re-valued liabilities, roll-forward of liabilities between formal valuations at whole fund level. The deficit is being addressed as part of the budget process.	All
5. Reliance on Commercial Income				
Exploring alternative sources of income to offset core funding reductions and also ensure value for money for residents	A recession or other unexpected/uncontrollable event could leave the Council exposed to under-funding or large losses in income. Competition - As well as individual factors influencing demand the Council has to consider competitive forces in certain service areas. Especially trading activities.		1) Rigorous monthly monitoring which scrutinises forecast projections and challenges material movements against budgeted targets.	Specific Services
6. Parking Income				
The Council's Parking Service is in high demand due to the Council's central location.	Uncontrollable reductions in income could leave the service under-funded or exposed to large losses in income which could affect the services specifically supported by this income.		1) Rigorous monthly monitoring which scrutinises forecast projections and challenges material movements against budgeted targets.	Specific Service
7. Inflation				
The Council's expenditure (pay and non-pay) is subject to annual inflation based on indexation that is determined by external stakeholders e.g. Central Government for pay and suppliers through agreed contracts for other service expenditure	Sharp increases in inflation would result in higher for day to day expenditure and costs related to employment. Other issues include: Each 1% change in inflation adds around £6m to the Council's cost pressures		1) Monitoring actual inflation and forecast projection (e.g. at key milestones such as HM Treasury's Budget announcement) and modelling the impact of incremental increases on the Council's applicable expenditure. 2) Exploring all opportunities during the tendering process for all service contracts to minimise indexation clauses, negotiate for favourable fees etc.	All
8. Delivery of Budgeted Savings				
Agreed MTP Savings are not fully achieved or slip into future years.	Potential for in-year overspends and funding gaps		1) Robust challenge of all proposed MTP Savings during the MTP process (e.g. through Corporate Budget Group) 2) In-year monitoring of agreed MTP Savings	All

Risk / Weakness	Implications	RISK	Mitigating actions	Relevance to Services
9. Planned Use of Capital Receipts				
Capital receipts are generated when an asset is disposed of and are source of financing capital expenditure. However there can be delays in completing the disposal of an asset which then delays the inflow of a capital receipt.	Shortfalls in financing of capital expenditure, possibly resulting in higher borrowing costs.		1) In-depth analysis and challenge of capital project cash flow projections. 2) Rigorous monthly monitoring which scrutinises forecast projections and challenges material movements against budgeted targets.	Specific Services
10. Review of needs and resource allocations				
A review of the funding allocation formulas used by Central Government could mean that the Council's share of funding is proportionately reduced in favour of other Local Authorities post 2019/20.	Whilst there could be gains and losses which will alter the business rates top up / tariff adjustment for individual authorities, the Council may experience a larger loss in funding than expected in shorter space of time		1) Responding to consultations. 2) Engaging and lobbying DCLG.	All
11. Interest Rate changes				
Changes to the Bank Base Rate and returns on investments.	The Council earns an amount of income from its Treasury function. A decrease in the interest rate could mean returns on investment are lower, reducing the amount of income earned e.g. from Government Bonds		The Council has a number of options available to it to mitigate these risks. These include: placing fixed term deposits as opposed to instant access, limiting deposits in money market funds and closely monitoring interest rate forecasts and available market rates.	Specific Service
12. Public Health Grant Funding				
The Government is proposing reductions to Public Health grant funding, along with possible removal of the ring-fence for the grant/potential changes to the Public Health grant conditions.	The proposed changes to the grant would cause a funding pressure for the service and have the potential to cause short-medium term disruptions to the service and on-going projects.		Budget savings proposals, in line with outcome of a national consultation process which was initiated by Public Health England at end of July 2015 on the four possible options proposed for the budget reductions. An implementation plan with proposed efficiencies to ensure that the budget commitments are met.	Specific Service

Risk / Weakness	Implications	RISK	Mitigating actions	Relevance to Services
13. Strategic Transformation Partnerships				
Failure to secure appropriate monies towards an increase in demand for social care services due to a shift in activities from acute to community setting.	Increase demand on social care services which may result in financial pressures and impact on the quality of care offered.		An Out of Hospital (OOH) strategy has been developed which is expected to be reflected in the transformational business cases for the STP. WCC sits on the Health and Care Transformation Board (HCTB) and the Finance and Estate Group (FEG). All financial implications for local authorities are presented at both these groups.	Specific Service
14. Demographic Changes				
Customer needs and behaviours continue to change which brings new challenges and opportunities to the Council. There is the potential to see changes to population levels caused by uncertainty of status of existing overseas workers / residents as well as ability for new workers to come to the country	Demographic changes have led to continuing pressures on social services budgets. The age profile is changing as the number of families leaving is reflected in falling numbers of children in some age-groups. The children left are increasingly benefit dependent or in fee paying schools. Schools are good so the main issues are likely to be housing costs and the cost and availability of childcare, as well as possibly community safety.		The Council is engaged in long term planning and transformational programmes to mitigate the action of demographic changes on budgets and services.	Specific Services

9 Medium-Term Financial Outlook 2018/19 to 2019/20

9.1 The Council's medium term modelling takes into account indicative government grant reductions, inflation (both pay and contract), superannuation costs, increasing capital financing pressures and national insurance changes as well as allowances for specific and general risks. The net budget gap is £30.8m in 2018/19 excluding direct service pressures and has been addressed as detailed in Schedule 4 and Annex A.

9.2 The Council's latest working assumptions would suggest that further reductions in core funding plus inflation, demographic and other pressures are likely to require further significant savings to be identified for 2019/20. The quantum at this stage is not yet determined and will be tested and updated during 2018/19.

9.3 The Council continues to develop a 10 year view of its financial position. While there are a great deal of unknowns going forward, longer term projections of demographic changes suggest a growth in the demand for services as they are currently delivered. As part of this work, services across the Council were approached to identify the significant cost drivers, opportunities and pressures impacting them to help better understand individual operating environments within the organisation.

10 Capital Programme to 2022/23

10.1 The Council has embarked on an ambitious long-term capital programme which will help deliver on the aims and objectives of its City for All strategy and maintain its status as a global centre for business, retail, entertainment and tourism. Full details are available in the Capital Strategy Report - 2018/19 to 2022/23 being considered on this same agenda which includes forecasts up to 2031/32.

10.2 The Council's General Fund Capital Programme is split into:

- Development – these schemes will help the Council achieve strategic aims and generate income (£1.021bn);

- Investment – schemes within this category will help to generate income and increase the diversification of the Council's property portfolio and will be self-funded by creating additional income and efficiency savings (£87.613m);

- Operational – these schemes are related to day to day activities that will ensure the Council meets its statutory requirements (£1.488bn).

10.3 The General Fund's Capital programme is fully funded via capital receipts, grants, other external contributions and borrowing. The on-going revenue implications are included within the MTP.

10.4 The HRA capital programme over the five year period starting 2018/19 is £794m, which is funded via capital receipts, reserves, grants and borrowing.

11 Reserves and Balances Policy

Usable vs Unusable Reserves

11.1 Local authorities hold two categories of reserves; "usable" and "unusable". Usable reserves are defined as those which contain resources that the Council could utilise to finance capital investments or fund revenue expenditure. Within this, some of these reserves could be applied generally but others will have stipulations attached on their use.

11.2 The Council's usable reserves can be grouped into the following sub-categories:

- General Reserves – working balances held to ensure long term solvency and to mitigate risks e.g. the General Fund balance and the Housing Revenue Account balance;
- Earmarked Reserves – to fund specific projects or as a means to build up funds for known contingencies. e.g. the Insurance reserve;
- Ring-fenced Reserves – carried forward balances or grant funding which have certain conditions or restrictions attached to them preventing their general use by the Council e.g. Schools balances; and
- Capital Reserves – amounts held to finance capital expenditure e.g. receipts from asset disposals and capital grants.

11.3 Conversely, unusable reserves are those that the Council would not be able to use to finance capital investment or fund revenue expenditure. This is because this category includes reserves which hold unrealised gains or losses for assets not yet disposed of and also adjustments which are required by statute and differ in basis from International Financial Reporting Standards.

11.4 This distinction between usable and unusable reserves and also between the different types of usable reserves themselves is important in being able to understand exactly what resources the Council holds and under what circumstances they can be used.

11.5 Whilst usable general and earmarked revenue reserves can be used to fund costs incurred in the provision of services, such use cannot be regarded as a sustainable medium-term strategy to fill the gap in on-going service provision from core funding reductions. This is because a usable reserve is a cash balance which can only be used once whereas the reduction in core funding is a permanent year-on-year loss to the Council's base budget.

General Reserves

11.6 The Council's General Reserves includes the General Fund balance; this is held to:

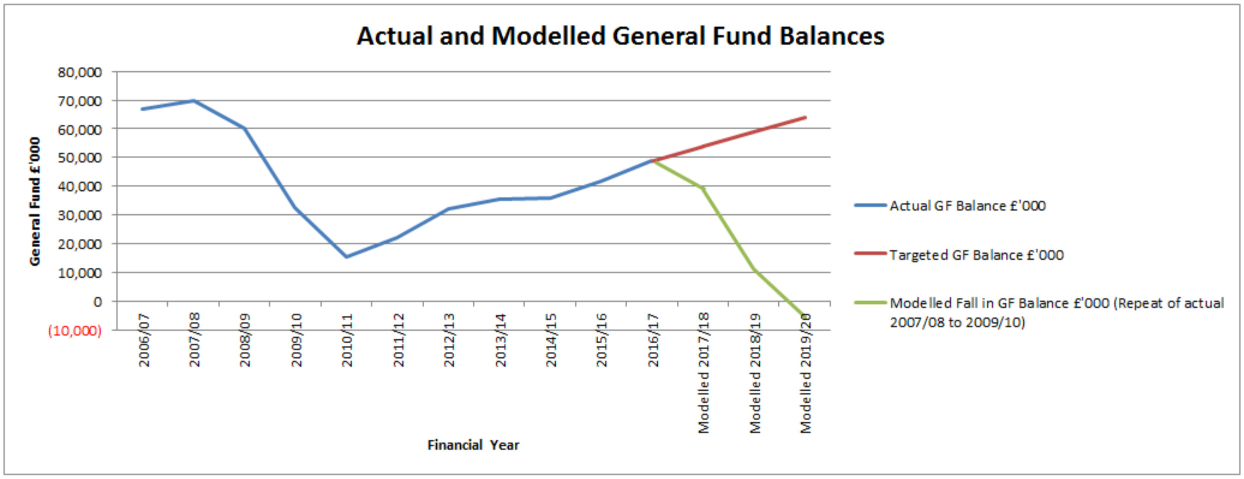
- Comply with the law;
- Provide funds for emergencies or other unexpected requirements for funds;
- Mitigate against risks faced in day to day operations;
- Provide a balance to insulate it from the need to borrow on a short term basis due to uneven cashflows.

11.7 The table below details the movement for the Council's General Reserve balance since 2006/07. This can be considered a reasonable period of time over which to consider movements as the Council has faced a number of challenges during this time including significant turbulence in the wider economy.

Year	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Closing Balance	66,864	69,930	60,090	32,396	15,578	22,054	32,027	35,295	36,035	41,576	48,777
Balance Movement	-	3,066	(9,840)	(27,694)	(16,818)	6,476	9,973	3,268	740	5,541	7,201

11.8 The table above and the graph below demonstrates how over time there have been significant movements in the General Reserve balance including a three year period 2008/09 to 2010/11 when the general reserve balance decreased by £54.352m. The Council could not manage a similar reduction in reserves over the next three financial years as it no longer has that level of reserves

General Reserves Movements (actual and modelled)



11.9 When assessing what level of General Reserve balance should be held, the Council must consider a number of factors. These include the risks which are set out in detail in paragraph 8.3 but include by way of example:

- Based on the Council's gross expenditure, approximately £2.33m is (budgeted) to be spent a day on the provision of General Fund services. The General Reserve balance when viewed in this context represents just 18 days of expenditure;

- The Council has been required to find savings year on year from its budget since 2010/11 and it is becoming harder to identify low risk savings opportunities;

- Future levels of uncertainty are compounded by the Council's growing reliance on commercial income as these income streams have the potential to fluctuate;

- Emerging risks such as Brexit have the potential to impact unfavourably on Westminster;

- Future transfer of responsibilities or "new burdens" with the potential full localisation of Business Rates;

- Demographic changes have led to continuing pressures on social services budgets; and

- Inflation and its impact on budgets.

General Reserves Policy

11.10 In assessing the level of General Reserves balance, the City Treasurer has taken into consideration the following:

- The wider economy currently appears to be more stable than in previous years although significant uncertainties remain particularly in respect of the UK's exit from the European Union;

- The Council's framework of governance and controls has been assessed by audit as being satisfactory. In addition, Internal Audit completed its audit of budgetary controls in February 2017 and concluded that the Council had provided "substantial assurance" on these controls;

- The overall track record of Directorate teams in recent years of delivering on-going budget savings has been successful.

11.11 However, there are a number of other factors which suggest that it would be highly desirable to increase the level of the General Reserve balance at the earliest opportunity as set out in the previous section.

11.12 It is not considered at this point that further budget reductions should be made to accommodate an increase in reserves. However, any resources which become available from the following should be added to the General Reserve where possible:

- In year revenue underspends as reported through the monthly revenue monitor to Cabinet;

- One off revenue funds which become available e.g. one off unbudgeted income or rebates;

- Short term underspends from unexpected upsides on treasury management;

- Any other spare resources which become available on an unforeseen or unbudgeted basis.

12 Cash and Financing

12.1 An annual Treasury Management Strategy Statement (TMSS) is presented to Full Council as part of the budget process each year following discussions at other committees including Scrutiny. The purpose of the TMSS is to set the boundaries and limitations for borrowing and investment decisions over the next year and the two subsequent years so as to ensure security, liquidity and return.

12.2 Early indications are that the 2018/19 TMSS will not forecast additional external borrowing in 2018/19 but the potential for additional borrowing in later years to meet the capital programme.

12.3 The investment strategy was set in the current environment of ultra-low interest rates that has significantly reduced the capacity to generate revenue from short-term cash balances. The July 2016 cut to the base rate further reduced income.

12.4 Over the summer various opportunities to diversify the treasury portfolio, ensure security of cash balances and increase the yield have been investigated. Potential opportunities have been explored and are currently undergoing due diligence review.

12.5 Monitoring of treasury activity is a key control to ensure that dealing accords with the agreed TMSS. In addition to half yearly reports on activity to Full Council and Scrutiny Committee, weekly updates are provided to the City Treasurer and monthly reviews of the investment portfolio are undertaken by the Council's treasury advisor. With the implementation of HRA Self-financing under the Localism Act, the borrowing and cash elements of the HRA and General Fund are managed on a separate basis.

13 Council Tax, the Collection Fund, Business Rates and Discretionary Housing Payments

Council Tax

13.1 The Council Tax Base (the number of Band D equivalent properties estimated to be billable for the year 2018/19) will be considered by Cabinet in December 2017 and is expected to be approved by Full Council in January 2018.

13.2 Any decision to increase the standard Band D Council tax charge will be made at the final budget setting in March 2018. However, budget options detailed in this report include the option to increase the Adult Social Care Levy by 2% which will impact on the amount payable by Council Tax payers.

The Collection Fund

13.3 Statutory regulations require local authorities to account for annual Council Tax income in a manner different to normal accounting arrangements as would apply if using International Financial Reporting Standards (IFRS). This statutory override necessitates that any variance between the originally estimated net Council Tax yield and that subsequently achieved in year is not immediately transferred to the Comprehensive Income and Expenditure Account, but is held on the Balance Sheet and instead distributed in a subsequent year.

Business Rates (NNDR)

13.4 Business Rates were partly localised from the start of 2013/14. Fifty percent of net business rate yield is currently retained and shared by local authorities with the remainder pooled by DCLG and returned in the form of Revenue Support Grant and other specific grants. A series of Tariffs and Top-ups operates to additionally redistribute retained income from those authorities with high yield to those with low NNDR receipts. Local authorities are potentially able to encourage the growth of local NNDR yield and keep fifty percent of the growth (being subject to a 50% levy on any surplus). The reverse however also operates in so far as local authorities bear 50% of the cost of any shortfall in business rate income if it is lower than the government's target level (Baseline). A Safety Net scheme operates to protect individual local authorities from losses should their retained yield fall below 92.50% of their anticipated Baseline Funding level (this is paid for from the 50% levy charged on those authorities exceeding their Baseline Funding level).

13.5 Westminster is by far the biggest collector of business rates in the country, collecting around 8% of the national total. Westminster businesses are some of the most economically active and productive in the country and demand for business premises, and hence rent levels, continue to grow at rates well above the national average. This has seen significant increases in rateable values at both the 2010 Revaluation (63% increase) and the 2017 Revaluation (25%). A consequence of the high revaluation increases has been to see record levels of appeals lodged against the Valuation Office Agency's rating assessments, which in turn has led to particularly high levels of subsequent rate refunds – the majority of which have been back-dated to the very start of the 2010 Valuation List.

13.6 This has led to a situation for Westminster whereby, after the impact of making refunds for successful appeals, the net amount collected has fallen below the Safety Net threshold for every year since the current scheme start in 2013/14. Had the impact of appeals caused by original errors in the VOA assessments been discounted, rather than being below the Safety Net level, the Council would have seen real growth and reward above Baseline.

14 **<u>Schools</u>**

Dedicated Schools Grant

14.1 The Dedicated Schools Grant (DSG) is a specific ring-fenced grant received by local authorities to fund schools and central expenditure to support the schools budget. The grant also covers wider support for High Needs and Early Years for funding of pupils with Special Educational Needs and for two, three and four year olds in nursery and associated provision. Schools are funded primarily by the DSG and not by council tax income. The 2018/19 financial year will be the first year of the National Funding Formula.

14.2 The DSG consists of three separate blocks, Schools, High Needs and Early Years. The overall distribution of the DSG is ring-fenced; however, the three blocks that make up the DSG aren't separately ring-fenced but movement between blocks is subject to specific conditions and limits.

14.3 Westminster City Council (WCC) is able to retain DSG funding to pay for the education of pupils who are the responsibility the Council but who are not being educated in a WCC school. The Council does not contribute any of its own resources to fund schools but is required to fund the management and administration of education services from Council Tax and funding settlement resources.

14.4 Given the proposed changes to schools funding it is important to understand the overall impact on the balance of DSG during the transition period. An initial estimate of how pressures on the DSG will present themselves over the next three years is set out below:

DSG Projections Over 3 Years

Description	2018/19 £000's	2019/20 £000's	2020/21 £000's
Brought Forward Reserves	**2,634**	**917**	**317**
Early Years			
Nursery Full Time Places	292		
Nursery Schools Sustainability	400	200	
Schools Block			
Minimum Funding Levels - Primary	350		
High Needs			
EHCP Transition	150		317
Post 16 Unfunded Growth	125		
Central Schools Block			
ESG Reduction	400	400	
Total Expenditure	**1,717**	**600**	**317**
Projected Year End Reserves	**917**	**317**	**0**

Implementation of the National Funding Formula:

Schools and High Needs Block

14.5 The national funding formula has been introduced from the 2018/19 financial year. The main headlines are:

- Increasing the basic amount that every pupil will attract in 2018/19 and 2019/20;
- For the next two years, this investment will provide for up to 3% gains a year per pupil for underfunded schools, and a 0.5% a year per pupil cash increase for every school;
- Protection of funding for pupils with additional needs;
- This formula settlement to 2019/20 will provide at least £4,800 per pupil for every secondary school;

- ➢ In 2018/19 and 2019/20, the national funding formula will set indicative budgets for each school, and the total schools funding received by each local authority will be allocated according to our national fair funding formula and transparently for the first time;

- ➢ Local authorities will continue to set a local formula to distribute that funding, and to determine individual schools' budgets in 2018/19 and 2019/20, in consultation with schools in the area;

- ➢ To support local authorities planning, all local authorities will receive some increase to the amount they plan to spend on schools and high needs in 2018/19.

14.6 The indicative figures show an overall increase of funding of 1% equivalent to £1.2m in 2018/19 and a further increase of 0.5% in 2019-20. No individual school will see a reduction in funding with increases between 0.3% and 2.68% in 2018/19 providing there is not a decrease in pupil numbers.

14.7 The high needs block for 2018/19 will be £24.971m, an increase of £0.634m.

14.8 The 2016/17 year end closing position was a collective balance of £3.7m for the LA-maintained primary and secondary schools. For the 2017/2018 financial year 8 schools are projecting a year end deficit, 4 of which could have deficits in excess of £100,000. To prevent this from happening officers will support schools to ensure that they set sustainable budgets commensurate with their resource levels.

14.9 A pupil count will be completed in October 2017. However, whilst it is expected that the number of children in secondary schools will increase, the current number of children in primary schools is unlikely to increase and there is current capacity in the system of approximately 15%. As school funding is pupil-based this represents a further cost pressure for schools.

14.10 Schools in England report that they are facing rising cost pressures, especially from increased staffing costs. The Institute for Fiscal Studies (IFS) estimated in April 2016 that there would be at least a 7% real terms reduction in per-pupil spending between 2015/16 and 2019/20, or about 8% if changes in the costs likely to be faced by schools were also accounted for. The spending pressures that schools face make it imperative for the service to work with schools to ensure that they are equipped to face the challenges ahead and to insulate the local authority.

Early Years Block

14.11 In December 2016, the government set out its funding proposal to introduce an early years' national funding formula from 2017/18. A new entitlement for the additional 15 hour entitlement for eligible families was introduced in September 2017.

14.12 Westminster City Council in consultation with the school's forum introduced the new funding formula from September 2017. The key priority was to establish transitional arrangements from the current funding levels and the delivery of full time places to the new national funding formula without destabilising individual setting. The government expects all authorities to have implemented the new funding model by 2019/20. Transitional funding has been allocated to enable the delivery of the new proposals without causing excessive turbulence within the current system.

Pupil Premium

14.13 In 2018/19 schools will receive pupil premium funding for each child registered as eligible for free school meals at any point in the last six years. The per pupil figure is £1,320 per primary school pupil and £935 per secondary school pupil.

14.14 For each pupil identified in the spring school census as having left local authority care because of one of adoption, a special guardianship order, a child arrangement order or a residence order, schools will receive £1,900 per eligible pupil.

14.15 Pupil premium for three and four year old children is at a rate of £300 per eligible child. Schools can decide how they use the pupil premium.

Education Services Grant

14.16 The Education Services Grant (ESG), which funds spending on school improvement, management of school buildings and tackling non-attendance, was cut by £200 million (around 20 per cent) in 2015/16. For 2016/17 to 2019/20, the Chancellor announced a further cut of £600 million.

14.17 School and Early Years Finance Regulations will be amended to allow local authorities to top-slice schools block funding in order to fund services previously provided by ESG.

14.18 The 2017/18 allocation is £335k, with an additional transitional grant of £275k totalling £610k for the financial year.

14.19 The retained duties allocation for 2018/19 of £335k now forms part of the newly created central services block of the DSG.

Academies and Free Schools

14.20 WCC schools that convert to academy status or newly established free schools obtain their funding directly from the Education Funding Agency. These schools receive a school budget share equivalent to what they would have received if they were a WCC school. This is funded in most cases by an adjustment to the DSG received by the Council.

15 Housing Revenue Account (HRA)

15.1 The HRA is a statutory ring-fenced Landlord Account within the Council's overall General Fund, established under the 1989 Local Government and Housing Act.

15.2 It accounts for the management and maintenance of c. 12,000 units of social housing and c.9,000 leaseholders within Westminster. The HRA itself is required to set a balanced budget and must not go into deficit, after taking into account HRA Reserves.

15.3 In 2012 the HRA moved from a national subsidy system of financing to one of Self-Financing. In order to facilitate this the Council was required to buy the HRA out of the subsidy system through taking on £68m of extra borrowing within the HRA, but in return retains all future rental income and economic benefit.

15.4 The Council's Arm's Length Management Organisation, CityWest Homes Ltd (CWH), undertakes the housing management function on behalf of the Council and has responsibility for the long-term investment needs of the stock estimated at £1.864bn over 30 years.

15.5 The Government continues to control rent levels and rent increases through Rent Rebate Subsidy Limitation. A mechanism which limits the amount of eligible housing benefit payable if average rent increases by a Local Authority exceed Government determined limits. The Government have also legislated that HRA rents reduce in real terms over a 4 year period by 1%. This has cost the HRA c.£32m over this period and over 30 years the NPV cost is estimated to be c.£237m.We are currently in year 2 of this 4 year rent reduction process. Recent announcements indicate that the policy on rent rises will return to CPI plus 1% for 5 years from 2020.

15.6 Self-financing itself presents the Local Authority with a number of uncertainties and risks that will need to be monitored and actively managed. These include the impact on cash flow of funding the Council's ambitious Regeneration programme, the impact of the Right to Buy, interest rate risk, and the impact of welfare reform upon future rent collection.

15.7 The proposed HRA budget for 2018/19 is still under review at present. The Housing Investment Strategy and HRA 30 year Business Plan report will be presented to Cabinet in either November or December to approve the five year (2018/19 to 2022/23) capital budget for the HRA. The proposals will continue to see the immediate capacity of the HRA applied to help deliver the Council's objectives of City for All. This means HRA reserves will fall to close to a minimal level of circa £11m and all borrowing headroom will be utilised by 2025/26, which will necessitate a focus on managing budgets closely.

16 2018/19 Proposals Requiring Consultations

External consultations

16.1 The draft balanced budget for 2018/19 contains 10 savings proposals totalling £5.360m which have been identified as requiring external consultation. A full list of these proposals can be found below:

2018/19 Budget Proposals Requiring External Consultation

Directorate	Description	2018/19 Amount £'m
Adults	Alternative delivery models including Commercial Trading	**0.100**
Adults	Review care pathways and re-commission key services	**0.630**
Adults	Asset Based Commissioning of prevention services	**0.100**
Adults	Remodel In-House service Portfolio	**0.150**
Children's	Income Generation Traded Services and Education	**1.055**
Children's	Commissioning Contracts	**0.467**
GPH	Corporate Property Strategy	**0.476**
GPH	Property Rationalisation and Asset Management	**2.007**
GPH	Electronic Consultation	**0.100**
GPH	Planning Performance Agreements	**0.275**
Total		**5.360**

It should be noted that whilst the following does not require consultation it nonetheless will be decided at March 2018 Council.

Adults	Adult Social Care Precept	£1.003m

16.2 It is expected that all consultations will be complete by December 2017 and the responses will be considered by Cabinet and where necessary reported to full council when the budget is confirmed in March 2018.

The Scrutiny Process

16.3 The Westminster Scrutiny Commission agreed in July 2007 to set up a Budget and Performance Task Group as a standing group, with the following terms of reference: "To consider, on behalf of the Policy and Scrutiny Committees, budget options and draft business plans and estimates at the appropriate stages in the business planning cycle and to submit recommendations / comments to the Cabinet and/or Cabinet Members."

16.4 Cabinet must take into account and give due regard of any views and recommendations from the Budget and Performance Task Group in drawing up firm budget proposals for submission to the Council, and the report to Council must reflect those comments (and those of other Task Groups and Committees, if any) and the Cabinet's response.

16.5 The minutes of the meetings held are presented in Annex A to this report. Annex A also highlights a number of risks associated with the Council's budget for 2018/19 and makes a number of recommendations.

17 <u>Legal implications</u>

17.1 The function of calculating the City Council's budget requirement and the City Council's element of the Council Tax, and the function of setting the Council Tax, are the responsibility of the full Council. The function of preparing estimates and calculations for submission to the full Council is the responsibility of the Cabinet.

17.2 In coming to decisions in relation to the revenue budget (and the Council Tax), the Council and its officers have various statutory duties. In general terms, the Council is required by the Local Government Finance Act 1992 to make estimates of gross Revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget (and Council Tax). The amount of the budget requirement must be sufficient to meet the City Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget.

17.3 The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Tax payers and ratepayers on the one hand and the users of Council services on the other are both taken into account.

17.4 Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council has a statutory duty to have regard to the report of the City Treasurer on these issues when making decisions about its budget calculations. Attention is drawn to the report as set out in Sections 4, 7, 8, 9, and 11 above respectively and in particular paragraphs 1.13 and 11.10, where it is stated that the estimates are sufficiently robust for the purposes of the calculations and that the proposed financial balances and reserves over the medium term are adequate.

17.5 Some savings proposals may only be delivered after specific statutory or other legal procedures have been followed and/or consultation taken place. Where consultation is required the Council cannot rule out the possibility that they may change their minds on the proposal as a result of the responses to a consultation, and further reports to Cabinet or cabinet member (as appropriate) may be required.

17.6 Apart from statutory duties relating to specific proposals the Council must consider its obligations under the Equality Act. This is addressed in Section 19 below. In developing a final set of proposals for consideration, officers have had regard to how the equality duty can be fulfilled in relation to the proposals overall. However further detailed equality impact assessments may be required for specific proposals as identified by each directorate prior to final decisions being made.

17.7 Section 106, Local Government Finance Act 1992, applies to Members where:

- they are present at a meeting of the Council, the Cabinet or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months; and

- any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

17.8 In these circumstances, any such Members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter. Such Members are not debarred from speaking. Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

17.9 The use of General Fund and HRA (non-Right to Buy) capital receipts funds to fund transformation projects detailed in this report is compliant with the Statutory Guidance on the Flexible Use of Capital Receipts (updated) issued under section

15(1) of the Local Government Act 2003 (which authorities are required to have regard to). The guidance applies with effect from 1 April 2016 to 31 March 2019

18 **People's Services Comments**

18.1 In accordance with statutory requirements, an HR1 form was issued in order to inform the Department for Business, Energy and Industrial Strategy (BEIS) of up to 48 potential redundancies.

18.2 A consultation will commence in January 2018 on the review of Highways services including Road Management Services. The new structure will be implemented from the start of 2018/19 and it is estimated that it may result in up to 10 redundancies.

18.3 A consultation will commence in January 2018 on the Effective Neighbourhood Working Programme. The new structure will be implemented from early 2018/19 and it is estimated that this has the potential for up to 20 redundancies. However, given current vacancies the actual number is expected to be significantly less.

18.4 As a consequence of the Tri to Bi-Borough changes there are a number of restructures with the possibility that some redundancies may arise, which could amount to approximately 18 redundancies.

19 **Equalities Implications**

19.1 Under the Equalities Act 2010 the Council has a legal duty to pay "due regard" to the need to eliminate discrimination and promote equality with regard to the protected characteristics of age, disability, gender reassignment, marriage/ civil partnership, pregnancy/ maternity, race, religion or belief and sexual orientation.

19.2 The equality duties do not prevent the Council from making difficult decisions such as reorganisations and relocations, redundancies, and service reductions nor do they stop the Council from making decisions which may affect one group more than another. The law requires that the duty to pay "due regard" be demonstrated in the decision making process.

19.3 A screening of all budget measures has been undertaken to ensure that the equality duty has been considered where appropriate. Details of the Equality Impact Assessments (EIAs) are included in Annex B. Where it has been identified that a proposal may have an adverse impact on people who share a protected characteristic, an assessment of the impact has been undertaken to ensure that "due regard" is paid to the equality duties as required by statute. Where budget proposals required a full EIA to be undertaken, these have been published and shared with the Budget & Performance Task Group to ensure they form part of the budget scrutiny process.

Schedules

1 Gross Income

2 Gross Expenditure

3 Net Budget Requirement (by Cabinet Member and EMT)

4 Details of Budget Changes

5 Subjective Analysis

6 Housing Revenue Account

Annexes

A Budget and Performance Task Group Meeting Notes

B Equalities Impact Assessments

Background Papers

2017/18 Budget and Council Tax Report and Medium Term Plan - Council Meeting 1 March 2017

Treasury Management Strategy Statement for 2017-2018 to 2021/22 - Council Meeting 1 March 2017

Capital Strategy 2017/18 to 2021/22, Forecast Position for 2016/17 and Future Years Forecasts Summarised up to 2030/31 - Council Meeting 1 March 2017

If you have any queries about this report or wish to inspect any of the background papers, please contact: David Hodgkinson on 0207 641 8162 or at dhodgkinson@westminster.gov.uk

Annex A

Budget and Performance Task Group – Summary Report on 2018/19 Budget Scrutiny

1. Executive Summary - The Scrutiny Process

The Westminster Scrutiny Commission agreed in July 2007 to set up a Budget and Performance Task Group as a standing group, with the following Terms of Reference:

- "to consider, on behalf of the Policy and Scrutiny Committees, budget options and draft business plans and estimates at the appropriate stages in the business planning cycle and to submit recommendations / comments to the cabinet and/or cabinet members."

- These Terms of Reference were agreed by the current Budget and Performance Task Group at its first meeting on 12 October 2017.

- Cabinet must take into account and give due regard of any views and recommendations from the Budget and Performance Task Group in drawing up firm budget proposals for submission to the Council , and the report to Council must reflect those comments (and those of other Task Groups and Committees, if any) and the Cabinet's response.

The Task Group examined five key themes:

- the potential impact of savings proposals on affected groups

- whether or not the budget proposals would affect the Council's ability to fulfil its legal obligations

- the need to identify and address potential optimism bias (over-confidence about the ability to secure third party income)

- the need to examine the Capital Programme as closely as the revenue budget

- the potential impact of any external factors (for example, Brexit).

The minutes of the Task Group's meetings are attached to this summary.
The Task Group would like to offer enormous thanks to the officers of all directorates for the rigour and commitment that went into preparing papers and

Equality Impact Assessments for the Task Group's meetings, answering members' questions and following up on requests.

2. Overall Budget

The overall 2018/19 draft budget appears robust, and officers provided assurances on a number of points members across all Directorates, including in relation to managing changing service demand priorities, and around the deliverability of a number of projects.

3. Risks

Despite the overall confidence in the draft budget there are a number of risks which the task group wishes to highlight. The savings proposals for the 2018/19 were subject to a more robust Equality Impact Assessment (EIA) process than previous years; however in at least one case (planning and licensing electronic consultations) it was evident that officers working closer to the service were not involved in the process and key considerations had been overlooked because of this. This could have left the decision open to challenge and affected the achievability of the saving.

Adult Social Care is an area subject to immense cost pressures. The relevant Policy and Scrutiny Committee (Adults, Health and Public Protection Policy and Scrutiny Committee) has a wide remit and takes a service quality based approach to its work rather than focusing on the financial performance of the service. This could lead to a lack of member-level oversight of budget pressures. This will be discussed at the next meeting of the Westminster Scrutiny Commission.

Westminster City Council is proposing to increase its use of s106 funding for the schools expansion programme. Although this approach has been taken in other local authorities, it has not been used widely in Westminster before as the Building Schools for the Future programme had provided most of the funding in the past. This approach creates a dependency on the availability of s106 funding, which should be continually monitored.

The Council is using increasingly varied methods of delivering services and projects with other organisations, such as entering into a shared legal services ABS and being a member of the West End Partnership. Partnership can make it possible for member level financial oversight to be difficult. These joint projects should be regularly reported on to the relevant Policy and Scrutiny Committee and the West End Partnership budget should be reported separately from the Council budget. When these projects are expected to generate income, this should be clearly and realistically displayed in the business case and budget.

The Capital Programme planned for 2018/19 will cause high levels of disruption in specific geographical areas of the City. The Cabinet and Executive Directors need to be clear with non-executive members and residents about the level of disruption to avoid as far as possible delays to the delivery of capital projects. Similarly the digitalisation of planning and licensing consultations requires political buy-in to achieve.

4. General Observations

The Council should be bold when designing new services instead of taking an overly cautious approach and then identifying savings later, as has been the case with direct deployment of parking marshals. The direct deployment of parking marshals is forecast to save the authority £500,000; this could have been achieved from the outset of the contract.
Savings proposals should be communicated using clear language to ensure the effects that they will have on services users can be understood. This was not always the case with some of the language used in Task Group's papers.

5. Positive Observations

The Task Group found clear examples of proposals avoiding optimism bias including removing unachievable targets for external advertising and taking a cautious approach to forecasting income from City Hall once it has been redeveloped.

The Task Group commended the approach to accessing project management expertise to deliver the significantly expanded capital programme. Sourcing project managers from contractors is prudent and will protect the Council from incurring staffing costs should the projects be delayed (e.g. through delays in external funding)

Budget and Performance Task Group Day 1 12th October 2017

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget and Performance Task Group** held on **Thursday 12 October 2017**, Rooms 3.6-3.7, 3rd Floor, 5 Strand, Westminster, London, WC2N 5HR.

Members Present: Councillors Brian Connell (Chairman) Barbara Arzymanow, Adam Hug and Andrew Smith.

Also Present: Barbara Brownlee (Executive Director, Growth, Planning and Housing), Siobhan Coldwell (Chief of Staff), Jonathan Cowie (CEO, CityWest Homes), Dick Johnson (SFM, Growth, Planning and Housing), Artemis Kassi (Policy and Scrutiny Officer), Steven Mair (City Treasurer) and Steve Muldoon (Assistant City Treasurer)

1 WELCOME

1.1 The Chairman, welcomed members and officers to the Task Group meeting, which opened at 7.02 pm.

2 TERMS OF REFERENCE

2.1 The Chairman reminded members of the Task Group's terms of reference and noted that the observations and recommendations of the task group would be shared in a report to Cabinet Members and the Council. He mentioned that he would be speaking at the Cabinet meeting on behalf of the Task Group.

2.2 The Chairman reminded members that, in order to fulfil the Terms of Reference, the Task Group should keep in mind any potential impact on affected groups (as discussed in respect of EIAs), whether or not the budget proposals would affect the Council's ability to fulfil its legal obligations, the need to identify and address potential optimism bias (over-confidence about the ability to secure third party income), the need to examine the Capital Programme as closely as the revenue budget and the potential impact of any external factors (for example, Brexit).

3 APOLOGIES

3.1 Apologies were received from Cllr Tony Devenish.

4 DECLARATIONS OF INTEREST

4.1 There were no declarations of interest.

5 EQUALITY IMPACT ASSESSMENTS

5.1 The Chairman explained that Equality Impact Assessments (EIAs) are formally acknowledged as part of the review process and that EIAs come in two stages. They are required if a budget recommendation will have an impact on a particular community. It was noted that there were no full (second stage) EIAs for the areas under review at this meeting but that an example of a full EIA had been provided to members for information.

5.2 A concern was raised that there was a risk that EIA preparers determine that an EIA is not necessary but in retrospect later find that an EIA was in fact necessary. A past example was given of the Charing Cross Library whereby the EIA did not register the impact of changes upon Westminster's Chinese community. It was clarified that the EIA process this year included a review by an independent barrister in addition to review by the Council's Policy team.

6 BUDGET OVERVIEW

6.1 The Chairman invited the City Treasurer to provide members with a brief overview of the proposed budget for 2018/2019. Members noted that £30.8m of net savings were identified for 2018/2019. The City Treasurer stated that, whilst £130m of gross savings would be delivered between 2015 and 2018, further savings would continue to be required in future years due to anticipated continued reductions in government funding, new legislative requirements, service delivery pressures and inflation on staff and contract costs. Members heard that, whilst the Council spends approximately £850m per year, the Council will still have to generate efficiencies to fund issues such as demographic pressures due to population longevity, the pension fund deficit recovery, inflation and legislative changes.

Action: Members to be provided with a breakdown by category of the drivers of the savings requirement.

6.2 The City Treasurer gave an overview of the capital programme both in terms of expenditure and income.

6.3 The City Treasurer highlighted the forecast capital spend for 2017/2018 of £370.02m, with an income of £205.1m. It was noted that the programme extends to 2031/2032 and that the largest area of gross spend would be in Growth, Planning and Housing. The West End Partnership was noted as a new area with a gross budget of £421.5m up to 2031/2032.

6.4 The City Treasurer advised that, concerning pensions pressures, Westminster had had one of the lowest funded pension funds. An increase in the annual contribution rate of £4m into the pension fund is helping to reduce the period for the repayment of that debt to 19 years.

7 CHIEF OF STAFF

7.1 The Chairman invited Siobhan Coldwell, Executive Director, to provide a brief overview of the budget for Chief of Staff.

7.2 Siobhan Coldwell advised that there were no proposals for savings in the coming year for two reasons. The first reason was that, in an election year, there is a significant particular demand on electoral and committee services. The second reason was that the department had not delivered all the savings for 2017/18 of £185k. Only one post had been removed from the Complaints function in the Triborough Services and there had been concerns that the department might have been making redundancies when there were re-deployment needs. The Chief of Staff stated that there would be a clearer picture at the end of the year once the consultation process had been completed.

7.3 In response to members' questions concerning the non-delivery of savings, it was stated that a virement in recognition of this was reflected in the 2017/18 budget table. The Task Group was informed that the focus at EMT is on the delivery of the whole budget, not individual savings line items, and that Executive Directors are ultimately tasked with the management of their total budget envelope, which would naturally have ups and downs across the service portfolio. It was added that there has been an overall underspend in the last three years and that it was anticipated that there would be an underspend this year as well.

7.4 The Chief of Staff stated that the Council had committed to delivering savings within the Lord Mayor's Secretariat but that they had been unable to deliver the transformation, which would now take effect next year. She stated that the department would be on track by the end of the financial year.

7.5 In response to members' questions, Siobhan Coldwell stated that staffing restructures and re-shaping of jobs would subsequently bring costs down. Members sought clarification concerning the cost implications for the Coroner's Service as a result of the Criminal Justice Act. There were between 200 and 300 inquests per year as a result of "deaths in care". The Coroner in Westminster was responsible for undertaking high profile cases, including inquests those resulting from the Grenfell Tower fire and the Westminster Bridge incident, but the biggest impact on the service was caused by those who die in care. In response to members' questions concerning the cost impact of the Grenfell Tower fire inquests, the City Treasurer clarified that costs were being recovered from RBKC and that the transactions would be reflected in the Council's annual accounts, but not be separately visible in the budget.

Action: Siobhan Coldwell to write separately to Cllr Arzymanow about the cost implications of the Criminal Justice Act.

8 GROWTH, PLANNING AND HOUSING

8.1 The Chairman invited Barbara Brownlee, Executive Director of Growth, Planning and Housing (GPH), to provide members with an overview of budget proposals for the Directorate.

8.2 A number of key issues facing the Directorate were highlighted and discussed. The Executive Director highlighted that the directorate was responsible for an expenditure budget of £322.335m, with a net controllable budget of £27.879m, and indicated that the projected deficit for 2017/18 of £0.970m was due to challenges in income delivery. The Executive Director stated that the directorate had identified transformation and efficiencies of £6.547m. Uncertainty in the areas of Building Control and Planning Income was also highlighted.

8.3 Members heard that the savings target from rationalisation of the property portfolio would be exceeded in 2017/2018 but that it would be increasingly difficult to deliver in future years. Barbara Brownlee stated that there continued to be relentless high demand for Temporary Accommodation. The Economy and Place Shaping Teams were already fairly self-sufficient through external funding. It was noted that a degree of caution had been applied in the GPH budget strategy.

8.4 In relation to members' questions concerning the Housing Revenue Account, the Executive Director explained that the plan is structured as a phased commitment. Efficiencies for the Planning team reflected the Council's intention to make the function self-financing.

8.5 In response to members' questions about property investments, the Executive Director explained that, investments had been frontloaded; they had to be viewed over the longer term.

<u>Key Initiatives</u>

8.6 The Executive Director took the members through three key areas of savings. The first was the Corporate Property Strategy, which would deliver £0.476m from rental income streams or by altering current rental agreements for existing properties. The second was the Property Rationalisation and Asset Management, which would deliver savings of £2.007m by reducing the Council's operational footprint. This would be achieved by subletting space within existing properties, including City Hall after its refurbishment. Members were informed that the property rationalisation plan was a challenging target, which was also linked to delivery around a ‘hubs’ model.

8.7 Members enquired whether these savings reflected any optimism bias (over-confidence about the ability to secure third party income) or double counting but the City Treasurer assured members that figures had been reduced from past proposals of the saving and overall the approach was reasonably prudent. Barbara Brownlee confirmed that a third party will be letting floors in City Hall.

8.8 Discussion followed in respect of Rough Sleeping and Supported Housing, which would deliver savings of £2m through re-procurements, efficiencies, service redesign and reduction in service levels. The Executive Director explained that the Council’s homeless day centres such as The Passage are now entirely funded through charitable gifts, though still providing services for Westminster. Barbara Brownlee further explained that there had been waking staff in the 24-hour hostels; these have now been changed to sleeping staff, with better outcomes. The Executive Director explained that the Council had received a grant from the DCLG of £800k over two years, which would complement, not replace, Westminster services for rough sleeping women. Members enquired whether changing hostel services for rough sleepers from waking to sleeping staff arrangements in hostels would increase the risk of legal challenge to the council if there was an incident and how much confidence there was that sleeping staff can provide appropriate care. Barbara Brownlee stated that, during her three year tenure, there had not been an incident and the providers used are nationally recognised.

Action: Members to be provided with figures for the re-procurement of outreach and review of daycare services. Members also to be provided details of the facility on Harrow Road which would no longer be used by the Council.

8.9 The Executive Director provided details of three key initiatives to generate income streams. The first concerned the spot purchase of housing (temporary accommodation and intermediate housing). The second concerned the government’s proposal to increase planning fees by 20%, to assist planning services to determine applications within the required timescales. The third initiative related to Planning Performance Agreements, resulting in the increase of fees from £26k to £36k.

8.10 Members commented that the EIA concerning Rough Sleeping and Supported Housing was thorough but challenged the first stage EIA for the Electronic Consultation (EIA 9.9). Members also commented upon the groups potentially affected by the move towards digitalisation, including groups without access to the internet and of a particular age, as well as those who struggle with the digital environment. Members were advised that, whilst the general move is towards digital, alternative methods are used where email addresses are not available.

Action: EIA 9.9 to be reworked and resubmitted.

8.11 The Executive Director provided an explanation of budget pressures. These related to the unwinding of an income generation scheme which had brought in development fees and the drop in income from Huguenot House during redevelopment.

8.12 Members discussed consultations, referring again also to the Electronic Consultation. The Executive Director provided details of three consultation proposals for 2018/2019: the property rationalisation and asset management, planning performance agreements and electronic consultations.

8.13 The Executive Director took the members through the breakdown of capital expenditure, including strategic acquisitions. Members queried how the capital budget is scrutinised during the year and whether an underspend would be apparent. Steven Mair responded that capital expenditure is scrutinised as much as revenue, on a quarterly basis, as well as monthly via the Capital Review Group (CRG) meetings which currently included Cllrs Mitchell and Robathan. The Council's own budget monitoring would also detect and report any projected underspends.

8.14 The Executive Director provided details of the Housing Revenue Account (HRA), which is a ring-fenced account under statute. The HRA statutorily operates a 30 year business plan. Members asked which element of the budget any fire-related expenditure (such as projected sprinkler expenditure and cladding removal) appeared. Jonathan Cowie explained that fire safety work (e.g. fire doors) and cladding had gone into the HRA budget within major works amounting to £25m. Members queried the update to the business plan, specifically whether the Executive Director was confident that housing secured by s106 agreements would be delivered. Barbara Brownlee stated that s106 quotas go up and down, and cannot be guaranteed, but that the amount of housing secured by s106 had almost doubled.

Action: Members to be provided with details of the amount of housing forecast to be delivered against the target of 1,850, split between affordable and intermediate housing.

9 MEETING CLOSE

9.1 The Meeting ended at 8.52pm

Budget and Performance Task Group Day 2 17th October 2017

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget and Performance Task Group** held on **Tuesday 17 October 2017**, Rooms 3.6-3.7, 3rd Floor, 5 Strand, Westminster, London, WC2N 5HR.

Members Present: Councillors Brian Connell (Chairman), Barbara Arzymanow, Adam Hug and Andrew Smith

Also Present: Steven Mair (City Treasurer), Steve Muldoon (Assistant City Treasurer), Julia Corkey (Director of Policy, Performance and Communications), Ed Watson (Executive Director of the West End Partnership), Melissa Caslake (Bi-borough Executive Director of Children's Services), Andrew Tagg (Head of Resources, Children's Finance), Rachel Wigley (Deputy Executive Director and Director of Finance and Resources), Bernie Flaherty (Bi Borough Executive Director of Adult Social Care and Health), Martin Calleja (Head of Transformation, Adult Social Care Finance and Resources), Safia Khan (Lead Business Partner Adults, Adult Social Care Finance), John Forde (Deputy Director of Public Health, WCC), Richard Simpson (Finance Manager, Public Health) and Aaron Hardy (Policy and Scrutiny Manager).

1 WELCOME

1.1 Cllr Connell noted that apologies had been received from Mike Robinson (Tri-borough Director for Public Health)

1.2 The Chairman reminded members that, in order to fulfil the Terms of Reference, the Task Group should keep in mind any potential impact on affected groups (as discussed in respect of EIAs), whether or not the budget proposals would affect the Council's ability to fulfil its legal obligations, the need to identify and address potential optimism bias (over-confidence about the ability to secure third party income), the need to examine the Capital Programme as closely as the revenue budget and the potential impact of any external factors (for example, Brexit).

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 POLICY, PERFORMANCE AND COMMUNICATIONS

3.1 Cllr Connell invited Julia Corkey (Director of Policy, Performance and Communications) to take members through budget proposals in her portfolio. The Policy, Performance and Communications (PPC) budget had increased by £2.747m since reported in February 2017. The increase was as a result of inflation, a transfer from City Management and Communities (CMC) regarding Thames Tidal and past savings that were no longer deemed achievable.

3.2 Past savings no longer deemed achievable included those attributed to the Business Intelligence department. These savings had been achieved but within the Council departments (e.g. Revenue and Benefits) that had worked with Business Intelligence, therefore the saving was not deliverable against the PPC budget.

3.3 Another budget no longer achievable was £1m income from s106. This had been reduced by £700k to £300k. This was because, although 5% can be taken to pay the running of the scheme, the Council could actually not justify retaining more than £300k for administrative costs.

3.4 The Task Group was informed that the budget for income from outdoor media advertising was based on very successful first and second years, however the market had flattened since then and this target was no longer achievable. The doubling of business rates at certain sites (which the Council was appealing) had also affected the achievability of this budget.

3.5 The voluntary sector community budget would be reduced by £200k to remove a historic underspend. This would not affect service levels. This budget concerned corporate support for volunteering (e.g. One Westminster and time credits) and not services commissioned from the voluntary sector.

3.6 £50k of one off capital expenditure was to be spent on a new system to manage booking for events and filming, this would help to generate an additional £100k income per annum.

3.7 The Communications and Campaigns budget was shown with budgeted income matching budgeted expenditure. It was explained that the overall PPC income target regardless of where it is generated offsets the communications expenditure. The department operates as one team with all managers responsible for achieving the overall PPC income target.

Action: To provide members with a briefing on how PPC is scrutinised.

4 WEST END PARTNERSHIP

4.1 Cllr Connell invited Ed Watson (Executive Director of the West End Partnership) to take members through budget proposals in his portfolio. Ed Watson told the Committee that majority of the 2018/19 West End Partnership's (WEP) budget related to the Oxford Street District project.

4.2 The major activity for 2018/19 would be the Oxford Street West transition scheme; this would be funded by Transport for London. The WEP was waiting on a decision from Government on business cases that had been submitted for a total of £310m of funding for the Oxford Street transformation and two other WEP projects, this is expected in the autumn statement. This funding could be a Tax Increment Financing deal (where the Council retains additional business rates income) or a direct grant. The WEP's business cases were predicated on significant investment from the private sector with Government funding used as a lever to encourage investment. Business Improvement Districts had been charged with leading and generating investment from the private sector. A mixture of traders and local land owners would be approached to contribute.

4.3 The WEP capital expenditure for two projects now being delivered are shown in the CMC budget, however going forward WEP projects would be recorded separately. The Westminster Scrutiny Commission would undertake the role of public scrutiny of the WEP's finances.

Action: Ensure that in the future the WEP budget is reported separately from the rest of the Council's.

5 CHILDREN'S SERVICES

5.1 Cllr Connell invited Melissa Caslake (Bi-borough Executive Director of Children's Services) to take members through budget proposals in her portfolio. The task group was told that the budget for 2018/19 was all set in the context of a move from a tri-borough to a bi-borough service. The services structures were being consulted on.

5.2 The implementation of the national funding formula was a significant risk for schools. There were transition arrangements in place for 2018/19. No individual school in Westminster was set to lose out, however some primary schools had seen falling rolls which reduced their overall budget. The Council was supporting those schools to embed financial strategies and create resilience to funding reductions.

Action: Provide the Task Group with details of schools being supported to become financially resilient to the effects of reduced pupil numbers.

5.3 Westminster was experiencing cost pressures as a result of being over the national cap on the number of unaccompanied asylum seeks that had to be placed. A transferral scheme was in place but this was difficult to use in practice.

5.4 The government funding for the Partners in Practice/Centre for Social Work was due to taper off. Work was being undertaken to produce a business plan to make this service sustainable.

5.6 The bulk of savings in Education (£1.025m) would come from increased trading and pursuing other income sources. The Council had previously invested in the continued delivery of Education support service. The reductions in the Education Services Grants and the increased number of academies, has required these services move to a traded basis to ensure future viability. The Council had focused on developing a robust, quality service but in the future would look to expand the number of services offered, including by trading out of borough. The Council took a measured approach with regards to services that would be traded and those for which the cost would be absorbed by the Council (e.g. billing other local authorities for out of borough children with high needs). SLAs with schools were signed early in the year so there was time to plan services and deal with any demand fluctuations. Currently SLAs were signed annually; negotiations were underway with schools to move to three year SLAs to provide more financial stability.

Action: Provide Task Group members with details of services traded with schools and which of these services are most sensitive to schools not buying in.

5.7 Children's Services had made savings by increasing the local offer for children and young people with additional needs; however this had resulted in increased demand for SEND transport. Funding from the high needs funding block was being sought to offset this increase. Costs for home to school transport had also been increased as a result of Children's services duty extending to the age of 25. These costs would not have necessarily been borne by Adults Services in the past as there were different criteria.

5.8 The reshaping of the 0-19 service model had already been undertaken. The health visiting contract had been renegotiated; Melissa Caslake said she understood that the efficiencies had been achieved through back office functions; however members of the task group raised concerns that frontline services may have been affected.

Action: Provide the Task Group with details of the impact of front line services of the health visiting contract renegotiation.

5.9 The first phase of the perfect pathways commissioning with parents had finished. Providers and market partners were being consulted in how to develop a better offer, focusing mainly on better signposting.

5.10 The Task Group discussed short breaks and was told that there was currently a blanket offer on short breaks, where everyone who was eligible received the same package. The Executive Director explained that this did not always meet the child's needs and was not an efficient use of limited resources.

5.11 The Task Group discussed the use of s106 contributions to fund the school expansion programme and the risks associated with this. It was explained that this was a funding route that can be used in local authorities to part finance school expansions. It had not been used widely in Westminster before as the building schools for the future programme had provided most of the funding in the past.

Action: Provide the Task Group with details of s106 contributions being used for school expansion in Westminster.

5.12 The move to a bi-borough Children's service was discussed. The cost estimate for the bi-borough services was £550k across both boroughs, structures were being consulted upon and this estimate was subject to change. Recruitment and staffing was an unknown issue, more detail about which posts would need to be filled was expected by December once the bi-borough and Hammersmith and Fulham staff consultations had been concluded.

6 ADULT SOCIAL CARE

6.1 Cllr Connell invited Rachel Wigley (Deputy Executive Director and Director of Finance and Resources) to take members through budget proposals in Adult Services.

6.2 The Task Group enquired as to why the budget for physical support in 2017/18 had doubled since it was reported in February 2017. The explanation included inflation being applied to the service area, virements from other areas, increased allocation of better care fund money, and reallocation of funding from other Adults services as customers' needs had been assessed.

Action: Provide members of the task group with details of the increased 2017/18 physical support budget

6.3 Mental health and support with memory and cognition budgets were reported separately because of CIPFA guidelines.

6.4 It was indicated that the reduction in the budget for assistive technology was because of a one-off spend that was necessary in 2017/18

6.5 The North West London Strategic Transformation Plan would not result in additional funding for the Council, but was being designed improve the health economy overall.

6.6 In response to questions the Task Group was told that all of the proposals were achievable. The ones most at risk were those that involved cooperation with health partners as multi-agency working was always challenging and required sign-up from all parties and the relevant skills being available to deliver projects. Another risk was that the market might not respond positively to attempts to re-commission service

6.7 The review care pathways and re-commissioning key services initiative was not expected to involve major changes that would affect customers in 2018/19. However these changes would lead to delivering more difficult budget savings in future years.

6.8 The scrutiny of Adult Services finances was discussed. The responsible Committee was the Adults, Health and Public Protection Policy and Scrutiny Committee (AHPP). AHPP focused primarily on service quality. Although other bodies (such as the Health and Wellbeing Board) also examined health proposals, the gap in the Scrutiny of Adult Services finances was viewed as a risk by members of the Task Group.

6.9 It was explained that the better care fund had been increased and that the Council would also receive an additional Better Care Funding grant for three years. The increases together amounted to £3.596m which would be used to offset the loss of other one-off grants and contract and placement pressures.

Action: Provide the Task Group with a breakdown of the better care funding, showing the permanent increase and the 3 year additional grant.

6.10 The Task Group was told that each time a service was re-commissioned it had a well evolved plan and that re-commissioning was about redesigning services not cutting pay.

6.11 The Task Group discussed the costs involved in bed blocking.

Action: Provide members of the Task Group with public performance statistics on bed blocking

6.12 The change to the duty of Children's Services to provide care up to the age of 25 had not reduced the costs associated with Adult Services as those customers who did transition to Adults Services had the highest needs which required the most costly care. There was also a growing ageing population adding to the costs of Adult Services.

6.13 The outcome of consultation on the asset based commissioning of prevention services was the only one with the potential to affect the savings target. The consultation was seeking to make use of community assets (including family, personal finance, buildings, businesses and volunteering) to deliver services. Future savings might be difficult to achieve so the implementation period may be extended.

6.14 The Task Group was told that approximately £6.5m was spent on preventative services.

Action: Provide the Task Group with a briefing on the split of funding between preventative measures and care at home.

6.15 The Adult Services capital programme was largely focused on delivering more digital services.

7 PUBLIC HEALTH

7.1 Cllr Connell invited John Forde (Deputy Director for Public Health, WCC) to take members through budget proposals in Public Health.

7.2 Public Health transfers £0.832m of its funding from NHS England to Central London CCG for the delivery of dietetic service by the NHS. This anomaly arose when the Public Health budgets were first devolved to local authorities (not just Westminster) but has not been addressed by the NHS.

7.3 It was clarified that Public Health would shift its operating model with the introduction of a Bi-borough service and that the use of the Public Health grant would continue to be shared with other council departments to optimise its use. One of the main challenges for Public Health in 2018/19 would be to ensure that this approach was successful and the funding used efficiently. The City Treasurer told the Task Group that the main issues potential risks within Public Health were the large number of contracts that were being reviewed and the £1.023m call on reserves. The planned overspend would be drawn from Public Health reserves, which were forecast to last until 2021, but which allowed time to reduce the deficit. However it was essential that recurrent expenditure was brought in line with recurrent income by that date.

7.4 £800k efficiencies in Substance Misuse would be achieved by releasing funds that had been set aside for risks around re-designed services in case they didn't meet their savings targets. The services had met their targets allowing the risk fund to be released.

7.5 The £600k savings from the Genito Urinary Medicine services were as a result of London-wide work to make efficiencies in the contract, such as more digital services and an increase in home testing which offers a more flexible service costing less money.

7.6 The savings delivered by ending the Health Trainers contract were mainly achieved as a result of eliminating duplication with other contracts such as cardio-vascular disease prevention and adult obesity services.

8 MEETING CLOSE

8.1 The Meeting ended at 9.40pm.

Budget and Performance Task Group Day 3 18th October 2017

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget and Performance Task Group** held on **Wednesday 18 October 2017**, Room 3.4, 3rd Floor, 5 The Strand, Westminster, London, WC2N 5HR.

Members Present: Councillors Brian Connell (Chairman), Barbara Arzymanow, Tony Devenish, Adam Hug and Andrew Smith

Also Present: John Quinn (Executive Director of Corporate Services), Stuart Love (Executive Director of City Management and Communities), Catherine Murphy (Strategic Finance Manager), Steven Mair (City Treasurer), Steve Muldoon (Assistant City Treasurer) and Aaron Hardy (Policy and Scrutiny Manger).

1 WELCOME

1.1 The Chairman welcomed those present.

1.2 The Chairman reminded members that, in order to fulfil the Terms of Reference, the Task Group should keep in mind any potential impact on affected groups (as discussed in respect of EIAs), whether or not the budget proposals would affect the Council's ability to fulfil its legal obligations, the need to identify and address potential optimism bias (over-confidence about the ability to secure third party income), the need to examine the Capital Programme as closely as the revenue budget and the potential impact of any external factors (for example, Brexit).

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 CORPORATE SERVICES

3.1 The Chairman invited John Quinn (Executive Director of Corporate Services) to take members through budget proposals in his portfolio. The Task Group was told that the directorate's budget was made up of mainly staffing costs, the second largest spend was on IT costs. Savings would mainly be achieved through more efficient use of staff.

3.2 Most of the income was from recharges to other parts of the Council. Internal recharges use the same formula as previous years to calculate the costs. Third party (external) income was approximately £500k which included income from framework contracts or selling procurement services to other authorities.

Approximately £200k of income was from cross-charging services provided to schools.

3.3 The Task Group discussed the managed services procurement. The procurement was estimated to be cost neutral in 2018/19 as the first half of the year would still be under the BT contract and the Council would receive a rebate from BT which would cover most of the additional costs in the second half of the year. In addition to the above there would be an additional one off implementation costs.

3.4 The savings from Legal Services were dependent on member approval of an alternative business structure (ABS) and joining LGSS. Joining the LGSS will reduce overheads and give the Council access to an additional 100 lawyers. Being in an ABS would allow the Council to use in-house lawyers on work it did with third party organisations, which was one way spend on external legal services could be reduced. The internal charge for legal services would also drop from the current £85 per hour due to a reduction in back-office support costs. In respect of governance, the LGSS has officer and member level boards. The performance of legal services would still be reported to the relevant Policy and Scrutiny Committee.

Action: Circulate the business case for the Legal Services proposals to members of the Task Group.

3.5 The BYOD campaign would include offering staff the opportunity to use their own phone by using Skype, reducing handset costs. The Council was no longer pursuing BYOD with in relation to desktops as the costs related to a maintaining many different types of hardware outweighed the benefit.

3.6 The Task Group discussed the digital transformation programme, part of which was the one front door proposal which intended to remove various different ‘My Accounts’ required for online council services and replace them with one. This would be easier to use for customers and achieve a saving by being able to retire out-dated systems. Other candidate projects were being assessed. Members of the Task Group noted that this programme was the first major capital investment of this type the Council had undertaken and that responsible Cabinet members should closely monitor whether or not the projected savings were achieved.

Action: Circulate the business case for the digital transformation programme to members of the Task Group.

3.7 The end user computing refresh programme included the introduction of Windows 10 and replacing old hardware.

Action: Provide details of the number of pieces of hardware involved in the computing refresh and average cost per laptop.

4 CITY MANAGEMENT AND COMMUNITIES

4.1 The Chairman invited Stuart Love (Executive Director of City Management and Communities) to take members through budget proposals in his portfolio. The Task Group was told that the directorate's surplus for 2017/18 was due to additional income, savings achieved from suppliers and managing existing vacancies.

4.2 Funding from MOPAC is projected to reduce by a total of £200k. The Council's previous budget had been £1m. This had been reduced by 56% by MOPAC and the Council had successfully bid for additional funding to bring the total back up to £800k. This pressure was not reflected in the budget as the news on funding had just come to light.

4.3 Additional commercial activities in Libraries was planned beyond 2018/19, however a detailed business plan had not been produced and income had not been budgeted for as a cautious approach had been taken based on a lack of success in other authorities.

4.4 The additional income from leisure facilities was mainly as a result of increased commercial opportunities being realised at the Sayers Croft Field Centre. This would mainly be generated during school holidays and would not impact on the use of the centre by schools.

4.5 The review of the Highways service would not have an effect on the frequency of repairs; there would however be a reduction in staff posts. The review had also identified reductions in duplication of contracted services through a new approach to contract management.

4.6 The Council would receive a fee from a provider of electrical vehicle charging points; the demand for spaces for these points outweighed the Council's ability to supply them. Residential parking spaces would only be used for electrical vehicle charging points when residents requested them. Flexible car sharing schemes would not use residential parking spaces.

4.7 The Task Group discussed the direct deployment of parking marshals and was told that the contractor had said that its staff were in favour of the approach, as were the Council's own employees in similar roles. This would save the Council the cost of approximately 1,400 hours. Stuart Love told the Task Group that the Council should trust its staff rather than require them report at a central location at the beginning of their shift and go back out. Members of the Task Group encouraged a bold approach when introducing new schemes, rather than a risk adverse approach which would be reversed later to achieve a saving.

4.8 An online solution for consultations on planning and licensing applications would ensure that all the information was available online for residents to access. The Council would utilise existing channels to communicate the change to residents. The changes were not expected to cause significant frustration as it was believed that most residents preferred accessing services digitally. The Task Group was told that the change was not expected to leave the Council open to more judicial reviews on planning and licensing decisions. The Task Group commented that the proposals required political buy-in.

4.9 The Better Working in our Neighbourhoods project aimed to build on the experience of city inspectors by combining more functions into the role (e.g. highways inspections and noise complaints) to increase efficiency of work. Staff consultations on the proposals would begin in January. The task Group commented on the importance of clear language in budget proposals so that the effect they had on services could be easily understood.

Action: Provide the Task Group with the number of posts that the project will affect.

4.10 The budget pressures for waste and disposal reflected an increased cost per tonne, not an increase in tonnage volume which was actually decreasing. This increase had been expected from the outset of the contract. There was only a slight risk that the additional costs would be higher than forecast.

4.11 In response to questions, the Task Group was told that the Council was very confident that the capital programme for the directorate would be delivered. The biggest risk was that projects due to be externally funded could suffer slippage as a result of delays on the part of funders, which was outside Council control. To manage the capital programme (which was the Council’s largest ever), project management expertise had been brought in from contractors. This approach ensured the Council had appropriate expertise but did not incur an additional overhead if the project stalled. The Task Group praised this approach.

4.12 The Task Group emphasised that the capital programme would result in significant disruption in parts of the City and that the Cabinet should ensure this is properly communicated to residents and Councillors to avoid delays in projects.

4.13 The increased spend on bridges and structures was higher in 2018/19 than previous years as a result of a number of bridges needing maintenance at the same time.

4.14 The disabled facilities grant and safe and secure homes scheme was part of CMC (instead of Adult Services, Growth, Planning and Housing or as part of the CityWest Homes budget) mainly for historical reasons and partly because it was used for works on private properties, not the Council's own stock of housing.

Action: Review the disabled facilities grant and safe and secure homes scheme budget and budgets of a similar nature in other directorates to determine whether these should be combined and the most appropriate department to manage these considering the needs of customers and how they can be best met.

4.15 The Executive Director identified income streams for waste and recycling and parking as potential risks for 2018/19. The Council had seen a reduction in the amount of commercial waste being collected, this had been offset by price increases and income had remained static. There had also been small reductions in on-street parking income, this was being monitored but had been more than offset by income from parking suspensions.

Action: Provide members of the Task Group with a breakdown of parking income.

5 CITY TREASURER

5.1 The Chairman invited Steven Mair (City Treasurer) to take members through budget proposals in his portfolio.

5.2 The City Treasurer's department had achieved an underspend for 2017/18 to date as a result of better than expected Treasury Management performance; this had been achieved by developing a treasury management strategy which sought to alter the Council's approach to risk.

5.3 The Task Group was told that the projected increase in the Council Tax base was modest and a reasonable assumption. The cautious approach should ensure that the target is met and in the unlikely event that it is not, it can be absorbed by the Council's overall budget.

5.4 The Revenue and Benefits contract had not changed provider for nearly twenty years. Re-procuring the contract to take into account digital solutions and undertaking a robust evaluation of the contract should lead to significant savings.

5.5 The projected increase in income from business rates was because of the changes to the appeals system which discouraged speculative appeals. The income was expected up front but to be prudent and guard against the impact of appeals increasing again in the future half of it would be put into a reserve and released in future years.

5.6 The £6m saving from accounts and budget cleanse was a guaranteed on-going saving. This had been achieved by improving the Council's financial assurance processes through work such as rigorously challenging debt collection processes, historic budget lines and accruals.

5.7 The capital contingency budget was overseen by a member level Capital Review Group which had to approve all requests to draw from the budget.

5.8 The capitalisation of pension contributions and centrally held City Hall capital budgets were a mechanism to allow the Council to take advantage of temporary rules that allowed the Council to use capital receipts to fund invest to save projects normally funded through revenue budgets. Investment in City Hall would allow the Council to maximise income from renting office space and investing in reducing the pension fund deficit would reduce the future revenue costs of the pension fund.

6 MEETING CLOSE

6.1 The Chairman thanked all of the officers who had prepared papers for the task group, attended the meetings and provided follow up information.

6.2 The Meeting ended at 9.05pm.

Annex B

Equalities Impact Assessments

The Council has a duty to ensure that all policy decisions are considered to assess whether they have any equality impacts. All budget changes set out in this report have been screened to ensure that equality impacts have been considered where appropriate.

An Equalities Impact Assessment (EIA), has been produced for each of the savings initiatives for the 2018/19 budget, either for section 1 only if no equalities impact was determined, or a full EIA if an impact was detected. This Annex sets out all of the completed returns. A series of additional annexes covering each of the portfolio areas has been produced and is saved on the Westminster City Council external website, as follows:

- Annex B Part A – Finance, Property & Corporate Services;
- Annex B Part B – Business, Culture & Heritage; Housing; Public Protection & Licencing; Environment Sports & Community Services; Planning & Public Realm;
- Annex B Part C – Adult Social Services & Public Health; Children, Families & Young People;
- Annex B Part D – City Highways

Additionally, a lever arch file containing the EIAs for all savings proposals is held by the Member Services team at 5 The Strand and will be available for Councillors to review between 9am and 5pm, Monday to Friday, up until the date of the full Council meeting on 8th November 2017.

Members are requested to ask any one of the team for access to the file if they wish to see them. In order for all Members to have access to these, the file cannot be taken out of the building. All assessments were also made available at the Budget and Performance Task Group meetings held on 12th, 17th and 18th October 2017 and are available on the Council's website.

A summary list of all the assessments is presented below:

SCHEDULE OF BUDGET PROPOSALS AND EIA REFERENCE NUMBERS

The list of proposals set out below shows the savings being targeted for delivery in 2018/19.

Members are requested to review the list and the Equality Impact Assessment reports cross-referenced below, as part of the requirement to consider each saving proposed before the decision to recommend the budget is taken.

EIA Reference Number	EIA Description	Executive Director	Saving 2018/19 £000	Full EIA or Part 1 Only	Annex B Breakdown	Page Number
	Finance, Property & Corporate Services (Councillor Mitchell)					
1.16a	Reduced spend on Legal Services	Corporate Services (John Quinn)	100	Part 1 Only	Part A	1
1.18	Increase in Council Tax Base	City Treasurer's (Steve Mair)	475	Part 1 Only	Part A	9
1.20	Revenue & Benefits – contract re-procurement	City Treasurer's (Steve Mair)	1,320	Part 1 Only	Part A	19
1.24	Commercial operating model for procurement	Corporate Services (John Quinn)	150	Part 1 Only	Part A	28
1.25	Corporate Property Strategy	Growth, Planning & Housing (Barbara Brownlee)	476	Part 1 Only	Part A	37
1.37	Transition to new communication contract/model	Corporate Services (John Quinn)	240	Part 1 Only	Part A	46
1.40	Property rationalisation and asset management	Growth, Planning & Housing (Barbara Brownlee)	2,007	Part 1 Only	Part A	56
1.44	Recharging of Matrix contract	Corporate Services (John Quinn)	50	Part 1 Only	Part A	65
1.52	Treasury Management and review of non-pay budgets	City Treasurer's (Steve Mair)	1,412	Part 1 Only	Part A	74
1.54	Review of ICT budgets	Corporate Services (John Quinn)	200	Part 1 Only	Part A	83
1.55	Legal joint venture	Corporate Services (John Quinn)	200	Part 1 Only	Part A	93
1.57	Commercialisation of financial expertise	City Treasurer's (Steve Mair)	50	Part 1 Only	Part A	102
1.58	Wireless and small cell concessions	City Treasurer's (Steve Mair)	800	Part 1 Only	Part A	111
1.61	Review of insurance	City Treasurer's (Steve Mair)	180	Part 1 Only	Part A	120
1.62	Business rates	City Treasurer's (Steve Mair)	2,908	Part 1 Only	Part A	129
1.63	Property - sustainable green energy	Growth, Planning & Housing (Barbara Brownlee)	122	Part 1 Only	Part A	138
1.65	Other Policy, Performance and Communications savings	Policy, Performance & Communications (Julia Corkey)	50	Part 1 Only	Part A	147
1.66	Accounts and Budget Cleanse	City Treasurer's (Steve Mair)	6,000	Part 1 Only	Part A	156
	Business, Culture & Heritage (Councillor Davis)					
2.7	Economy Income	Growth, Planning & Housing (Barbara Brownlee)	200	Part 1 Only	Part B	1
2.8	Place Shaping Income	Growth, Planning & Housing (Barbara Brownlee)	100	Part 1 Only	Part B	11
	Adult Social Services & Public Health (Councillor Acton)					
3.3 (ii)	Commissioning Strategy Programme: Promoting well being, prevention and independence to manage care package costs	Adult Services (Sue Redmond)	450	Part 1 Only	Part C	1
3.17	Commissioning Strategy Programme: Alternative delivery vehicles including commercial trading	Adult Services (Sue Redmond)	100	Part 1 Only	Part C	1
3.18	Whole Systems Integration Programme: Joint commissioning with health to deliver shared demand and costs management	Adult Services (Sue Redmond)	320	Part 1 Only	Part C	11
3.20	Commissioning Strategy Programme: Review care pathways and re-commission key services	Adult Services (Sue Redmond)	630	Part 1 Only	Part C	1
3.21	Commissioning Strategy Programme: Improved transition and promoting independence	Adult Services (Sue Redmond)	200	Part 1 Only	Part C	1
3.22	Whole Systems Integration Programme: Joint Commissioning, capitated budgets & accountable care partnerships	Adult Services (Sue Redmond)	200	Part 1 Only	Part C	11
3.25	Front Door and Demand Management Programme: Integrated front door with Health and digital by default	Adult Services (Sue Redmond)	40	Part 1 Only	Part C	20
3.26	Front Door and Demand Management Programme: Asset Based Commissioning of prevention services	Adult Services (Sue Redmond)	100	Part 1 Only	Part C	20
3.27	Commissioning Strategy Programme: Remodel In-House service Portfolio	Adult Services (Sue Redmond)	150	Part 1 Only	Part C	1
3.28	Commissioning Strategy Programme: Direct Payments as first choice	Adult Services (Sue Redmond)	100	Part 1 Only	Part C	2
3.29	Commissioning Strategy Programme: Forensic needs and payments analysis	Adult Services (Sue Redmond)	100	Part 1 Only	Part C	2
3.30	Commissioning Strategy Programme: E-Market dynamic purchasing system	Adult Services (Sue Redmond)	50	Part 1 Only	Part C	3
3.31	Whole Systems Integration Programme: Realising the full efficiency benefits of Integrated Learning Disabilities and Mental Health Services	Adult Services (Sue Redmond)	150	Part 1 Only	Part C	11
3.32	Whole Systems Integration Programme: Integrated back office functions with Public Health and Health	Adult Services (Sue Redmond)	250	Part 1 Only	Part C	11
3.33	Commissioning Strategy Programme: Review of workforce costs	Adult Services (Sue Redmond)	150	Part 1 Only	Part C	3
3.35	Adult Social Care Levy	Adult Services (Sue Redmond)	1,003	Part 1 Only	Part C	28
3.36	Commissioning Strategy Programme: Delivery of Differential Charging Priorities	Adult Services (Sue Redmond)	250	Part 1 Only	Part C	3
3.37	Whole Systems Integration Programme: Increase in IBCF grant	Adult Services (Sue Redmond)	3,596	Part 1 Only	Part C	11
3.38	Public Health Contract Savings	Adult Services (Sue Redmond)	5,484	Part 1 Only	Part C	36
	Housing (Councillor Robathan)					
4.13	Rough Sleeping and Supported Housing	Growth, Planning & Housing (Barbara Brownlee)	2,000	Part 1 Only	Part B	20
4.16	Spot purchases of housing for intermediate affordable housing	Growth, Planning & Housing (Barbara Brownlee)	577	Part 1 Only	Part B	32
4.17	CityWest Homes property fee income	Growth, Planning & Housing (Barbara Brownlee)	90	Part 1 Only	Part B	42

SCHEDULE OF BUDGET PROPOSALS AND EIA REFERENCE NUMBERS

The list of proposals set out below shows the savings being targeted for delivery in 2018/19.

Members are requested to review the list and the Equality Impact Assessment reports cross-referenced below, as part of the requirement to consider each saving proposed before the decision to recommend the budget is taken.

EIA Reference Number	EIA Description	Executive Director	Saving 2018/19 £000	Full EIA or Part 1 Only	Annex B Breakdown	Page Number
	City Highways (Councillor Chalkley)					
5.10	Compliance and Audit Contract – contract efficiencies	City Management & Communities (Stuart Love)	50	Part 1 Only	Part D	1
5.13	Highways - Expenditure Review	City Management & Communities (Stuart Love)	100	Part 1 Only	Part D	10
5.14	Review of Highways service including Road Management	City Management & Communities (Stuart Love)	750	Part 1 Only	Part D	21
5.15	Provision of electric vehicle charging points	City Management & Communities (Stuart Love)	130	Part 1 Only	Part D	31
5.16	Flexible car sharing operators	City Management & Communities (Stuart Love)	300	Part 1 Only	Part D	40
5.17	Direct deployment of Parking Marshals	City Management & Communities (Stuart Love)	500	Part 1 Only	Part D	50
5.18	Parking: Business Processing and Technology Contract Review	City Management & Communities (Stuart Love)	550	Part 1 Only	Part D	59
5.19	Pay to Park Benchmarking	City Management & Communities (Stuart Love)	300	Part 1 Only	Part D	68
5.20	Bay suspensions relocation service	City Management & Communities (Stuart Love)	250	Part 1 Only	Part D	77
5.21	Temporary structures charging review	City Management & Communities (Stuart Love)	150	Part 1 Only	Part D	86
5.22	Abnormal loads cost recovery	City Management & Communities (Stuart Love)	100	Part 1 Only	Part D	96
	Public Protection & Licensing (Councillor Cox)					
1.3	Digital transformation - further City Management and Communities savings	City Management & Communities (Stuart Love)	152	Part 1 Only	Part B	51
6.8	Public Protection and Licensing electronic process for formal consultations (licensing applications)	City Management & Communities (Stuart Love)	65	Part 1 Only	Part B	60
6.9	Licensing pre-application advice service	City Management & Communities (Stuart Love)	50	Part 1 Only	Part B	71
6.10	Charging for revisits - food team	City Management & Communities (Stuart Love)	20	Part 1 Only	Part B	80
6.11	Better working in our neighbourhoods	City Management & Communities (Stuart Love)	900	Part 1 Only	Part B	89
6.12	Additional income from Waste Enforcement following an increase in the statutory fees payable.	City Management & Communities (Stuart Love)	200	Part 1 Only	Part B	100
	Environment, Sports & Community (Councillor Harvey)					
7.12	Sports and leisure savings Phase 2	City Management & Communities (Stuart Love)	670	Part 1 Only	Part B	109
7.15	Libraries & Archives – stock efficiencies	City Management & Communities (Stuart Love)	100	Part 1 Only	Part B	120
7.16	Libraries & Archives – additional commercial activity	City Management & Communities (Stuart Love)	50	Part 1 Only	Part B	130
7.18	Leisure additional income	City Management & Communities (Stuart Love)	100	Part 1 Only	Part B	139
7.21	City Management and Communities controllable spend review	City Management & Communities (Stuart Love)	550	Part 1 Only	Part B	147
7.23	Voluntary sector support	Policy, Performance & Communications (Julia Corkey)	200	Part 1 Only	Part B	157
	Children, Families & Young People (Councillor Holloway)					
8.1A	Specialist Intervention - Perfect Pathways	Children's Services (Melissa Caslake)	205	Part 1 Only	Part C	45
8.1B	Children's Commissioning Directorate Restructure	Children's Services (Melissa Caslake)	120	Part 1 Only	Part C	55
8.1C	Tracking and Survey Re-commissioning	Children's Services (Melissa Caslake)	142	Part 1 Only	Part C	64
8.5A	Review of Dedicated Schools Grant	Children's Services (Melissa Caslake)	575	Part 1 Only	Part C	73
8.5B	Development of Traded Offer	Children's Services (Melissa Caslake)	350	Part 1 Only	Part C	82
8.5C	Asset Strategy - Feasibility Budget	Children's Services (Melissa Caslake)	10	Part 1 Only	Part C	91
8.5D	Schools Standards Service Staffing Efficiencies	Children's Services (Melissa Caslake)	20	Part 1 Only	Part C	100
8.5E	Impact of proposed reduction in staffing budget Westminster Disabled Children Team 2018-19	Children's Services (Melissa Caslake)	50	Part 1 Only	Part C	109
8.5F	An improved offer of independent travel training	Children's Services (Melissa Caslake)	50	Part 1 Only	Part C	118
8.6A	Release Uncommitted Finance and Resources Budget	Children's Services (Melissa Caslake)	375	Part 1 Only	Part C	129
8.6B	Post Tri-Borough to Bi-Borough Staffing Reviews - Management Savings	Children's Services (Melissa Caslake)	175	Part 1 Only	Part C	138
8.9A	Placement Cost Reduction and Third Party Contributions	Children's Services (Melissa Caslake)	240	Part 1 Only	Part C	147
8.9B	Service Reviews - Restructures	Children's Services (Melissa Caslake)	175	Part 1 Only	Part C	156
8.22	Health Visiting Services Contract Savings in Westminster - 0-19 Service Savings	Children's Services (Melissa Caslake)	450	Part 1 Only	Part C	165
	Planning & Public Realm (Councillor Astaire)					
9.8	Development Planning Income	Growth, Planning & Housing (Barbara Brownlee)	450	Part 1 Only	Part B	166
9.9	Electronic Consultation	Growth, Planning & Housing (Barbara Brownlee)	100	Part 1 Only	Part B	175
9.10	Planning Performance Agreements	Growth, Planning & Housing (Barbara Brownlee)	275	Part 1 Only	Part B	186
9.11	Proceeds of Crime Act - Planning Enforcement	Growth, Planning & Housing (Barbara Brownlee)	150	Part 1 Only	Part B	195