

## AGENDA ITEM: 6



# City of Westminster Cabinet Report

**Date:** 21<sup>st</sup> February 2011

**Status:** For General Release

**Title:** Budget and Council Tax Report 2011/12, 2012/13

**Wards Affected:** All

**Financial Summary:** This report sets out the financial framework for the Council for the next two financial years

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### 1. Executive Summary

- 1.1 This report represents the final stage in the City Council's annual performance and budget planning process, following joint Strategic Executive Board and Cabinet Member scrutiny.
- 1.2 The City Council is facing unprecedented financial pressures over the next two years, as a result of public sector spending reductions, rising service demand and falling commercial income.
- 1.3 The City Council has consistently made efficiency savings year on year. On-going efficiency and Restructure programmes have delivered over £14 Million of savings in the two years and the City Council will continue to focus on driving efficiency savings in all that it delivers.
- 1.4 The Local Government Finance Settlement for the period 2011 to 2013 is the most difficult since the Second World War. The City Council is facing reductions in its spending power of 11% in 2011/12.

- 1.5 The City Council published its “Living City in Tough Times” consultation paper in December 2010 which set out its approach to developing the Budget for 2011/12 and provided a high level summary of the savings proposals developed by officers in discussion with relevant Cabinet Members. Responses to the consultation from the public and stakeholders indicate an understanding of the challenges faced by the City Council and a general agreement that the City Council’s priorities as set out in the document were correct. Annex A contains the results of the Living City in Tough Times consultation.
- 1.6 The City Council recognises that in the face of such challenging budget reductions, bold action is necessary to protect front line services. The City Council alongside the London Borough of Hammersmith and Fulham and Royal Borough of Kensington and Chelsea have put forward proposals to share services. This is reported in a paper alongside this report.
- 1.7 Following the publication of the Local Government Financial Settlement on 13<sup>th</sup> December, the City Council has been in a position to analyse its funding position and develop a Budget for 2011/13. For 2011/12 our Revenue spend is reduced to £236M from £266M, and our Capital spend will be £28.8M as detailed in Schedules 2 and 8. The detailed savings proposals to ensure a balanced Budget are included as Schedule 3A.
- 1.8 The savings proposals include efficiency savings, fair charging and cost recovery measures, income generation, driving savings from commissioning, moving to a less bureaucratic intelligent commissioning approach, personalisation and stopping and reducing some activity.
- 1.9 Throughout the process of setting the Budget the City Council has been mindful of the impact of service changes or reductions on residents and service users and an Equalities Impact Assessment is included as Annex B. The proposals and Budgets have been scrutinised by both the Budget and Performance Task Group which reports to the Finance and Resources Policy and Scrutiny Committee and its sub groups covering Finance and Resources, Adult and Children’s Services, and City Management and Built Environment. The report of the scrutiny process is included as Annex C.
- 1.10 The financing for local authorities has been subject to significant reductions in the Local Government Finance Settlement. For Westminster, further savings will be required on top of those initiated in 2010/11 to address the Westminster “structural deficit” arising from the recent reductions in commercial income combined with the low tax base. In addition, the City Council will need to manage the reduction of activities associated with specific grants. The wider economic and public sector environment, alongside these City Council specific factors, creates a significant increase in the financial risks that need to be

considered as part of the Budget setting process. These are detailed in Section 7.6.

- 1.11 The integrity of the Budgets presented for 2011/12 and 2012/13 rests on the quality of the underlying estimates and assumptions. For the Budget period, the City Council will face a combination of multiple service changes, demanding cost reduction targets, accelerated implementation timescales, and organisational impacts for the City Council and partner bodies. Initial Budget preparation through the latter part of 2010 had not identified sufficient cost reduction to meet the envelope set by the LGFS and further work has been required in recent weeks to achieve a balanced budget. In these circumstances the estimates are necessarily and inevitably less robust that Officers and Members would wish. Further, there are core assumptions in the financial strategy set out in Section 7 on the treatment of Revenue and Capital expenditure that may not receive the required central government approval. Should this be the case, alternative courses of action to meet the budget framework will present significant practical difficulties.
- 1.12 HM Government have announced a subsidy for local councils in 2011/12 to allow them to freeze Council Tax. In these circumstances, an increase in Westminster Council Tax for next year would shift the cost burden of the tax increase from national to local taxation, with very limited incremental funding to the Council. In these circumstances, no increase in Council Tax is recommended, from a financial perspective, for 2011/12. Different considerations apply in 2012/13 when there will be no central Government subsidy for a further freeze. In these circumstances, the Section 151 Officer considers that the Council should plan for an increase in Council Tax in 2012/13 by a minimum of 3.5%.

## **2. Recommendations**

- 2.1 That Cabinet approve the Budget and recommend to Council the approval of the 2011/12 Budget, as set out in this report, and recommend to the Council the tax levels as set out in the Council Tax resolution at Annex D.
- 2.2 That Cabinet approve the capital estimates and establish a formal process and governance structure to review and prioritise the Capital programme at quarterly intervals throughout the year.
- 2.3 That the level and use of earmarked Reserves in Schedule 7 be approved.
- 2.4 That the Chief Executive and Strategic Directors be authorised to continue consultation with Trade Unions and staff on the implications of the budget reductions outlined in the Budget and take all action necessary to ensure the full year savings required as set out in the Council's 2011/12 Budget are achieved including staffing redundancies.

- 2.5 That the Westminster local element for Band D properties be confirmed at the same level as 2010/11 (i.e. £377.80) in 2011/12, with subsequent increases to be reviewed each year in the light of emerging risks and opportunities.
- 2.6 That the Council Tax for the City of Westminster excluding Montpelier Square area, and the City of Westminster Montpelier Square area for the year ending 31 March 2011, be as specified in the Council Tax Resolution in Annex D and that the Council Tax be levied accordingly and that officers be authorised to alter the Council Tax resolution as necessary following the announcement of the GLA precept, drawing specific attention to any change (see paragraph 14 of the report).
- 2.7 That Cabinet delegate to the Director of Housing the responsibility for setting fees and charges for Temporary accommodation and Bed and Breakfast, including the storage of possessions.
- 2.8 That the responses to the views of the Budget Task Group set out in Annex C be noted and incorporated into the Cabinet's report to Council in accordance with the Budget and Policy Framework Procedure Rules in the Constitution.

### **3. Reasons for Decision**

- 3.1 The preparation of the Budget is the final stage of the annual business planning cycle leading to the approval of the Council Tax for the forthcoming financial year. There is a statutory requirement to submit budget returns to the Department of Communities and Local Government (CLG) and approval of the revenue estimates constitutes authority for the Strategic Executive Board to incur expenditure in accordance with approved policies.
- 3.2 Under the Constitutional arrangements introduced by the Local Government Act 2000, the full Council sets a "Budget and Policy Framework" within which the Executive (Cabinet) must operate. So far as the Budget is concerned the relevant regulations allow some flexibility for action to be taken which may not be wholly in accordance with the approved budget, as permitted by Financial Regulations, Standing Orders etc. For avoidance of doubt, and in accordance with existing practice, it is considered appropriate that the full Council should explicitly authorise the Cabinet and relevant Cabinet Members to approve supplementary estimates etc, and that the Strategic Executive Board should be authorised to approve changes within their agreed programmes in consultation with the relevant Cabinet Member.

## **4. The National Context**

### **4.1 Public sector finance context**

4.1.1 Since taking office the Coalition Government has taken a series of actions to address the national budget deficit. An early impact on local government arose through the Emergency Budget on June 22<sup>nd</sup> 2010 which announced in-year grant reductions of £1.16 billion for local government. The Spending Review in autumn 2010 defined the overall approach to government spending. The implications for local authorities was set out in the Local Government Finance Settlement on the 13th December 2010. This required significant reductions in funding for 2011-2013 with an average reduction of formula grant of 28% over 4 years, front loaded through an 11% reduction for 2011/12.

### **4.2 Westminster's unique position**

4.2.1 Westminster is a global city with local responsibilities. The city creates over 2% of national GDP and hosts 600,000 workers, 48,000 businesses and over one million visitors each day. The population is diverse and changing. 30% of Westminster's population changes each year and over 70% of school pupils do not have English as their first language. Westminster is a 24/7 city: the biggest licensing authority and biggest planning authority in the country.

4.2.2 This context places unique pressures on the Council's finances, which include:

- The costs of providing services to residents not recognised within the population totals used in the funding formulae.
- The costs of providing services for businesses and visitors to maintain a suitable environment for them.
- The costs of providing regulatory services for businesses for which the council is unable to recoup the full cost.

These pressures mean that the City Council provides £51M of services for which we receive no funding.

4.2.3 Work continues with Government in order to deal with these funding inequities. The City Council has taken these factors into account in shaping the savings proposals required to achieve a sustainable Budget in 2011/12 and beyond. The recent CLG consultation on the formula for setting the revenue support grant has not, as yet, yielded a result that ensures that the unique pressures (of day visitors, over-night visitors and migration) being put on Westminster are recognised in the funding formula. The City Council will continue to call for changes to be made to the financing of Local Government through lobbying on NNDR, and the Commission on Financing Cities (commissioned jointly with Birmingham and Manchester and described in 5.10).

4.2.4 The Council has also negotiated strongly for Government to recognise its unique position, particularly in relation to the Olympics. In September 2010, the Council submitted its 2012 Games & Borough Funding bid to Government Olympic Executive outlining the likely service impacts and resultant costs relating to each service. Following a series of moderation sessions and cross-borough meetings, the total figure put forward for Westminster was approximately £3.9m plus an additional £600k for hosting the Central Zone games time planning and co-ordination. The Council received written confirmation from the Greater London Authority (GLA) that Westminster's additional costs would be reimbursed up to a maximum of the £4.5m, subject to audit. This equates to the total estimate put forward in the bid for both service continuity and Central Zone planning. This is a significant achievement as very few other boroughs were granted the full amount requested.

4.2.5 Further applications will be made for Olympic funding through the "Last Mile" programme. The Council should adhere to the principle that the Council Tax payer should not bear any further net costs of Olympic responsibilities.

### **4.3 Background to Westminster's financial strategy**

4.3.1 In setting its Budget and Council Tax for 2011/12, Westminster faces a particularly challenging set of circumstances. The pressures on public expenditure and sharp reductions in local authority funding levels from April 2011 have followed two very difficult financial years that have seen Reserves fall from £70M in March 2009 to a projected level of £13M in March 2011, of which only a £10M transfer to the Transformation Reserve and £5M of contingency funding for 2010/11 was planned.

4.3.2 In the Budget and Council Tax report for last financial year, the Council set out the effects of the recession on a number of commercial income sources, affecting Revenue and Capital, and the impact that this had had on Westminster's ability to balance its Budget. The report set out plans for returning to a balanced budget for 2010/11 at a net expenditure level of £230M, with an additional £5M of contingency expenditure in 2010/11. That paper anticipated opening Reserves for 2010/11 of £32M and closing Reserves of £27M as at March 2011.

4.3.3 That report made reference to two critical issues:

- a) The dependency on a recovery in commercial activity within the borough to underpin return to a balanced budget and address Westminster's own "structural deficit";
- b) A fundamental review of Council operations and activities to prepare for the likely impact of government spending reductions from April 2011.

- 4.3.4 In the event, the Council will not meet its Budget for 2010/11, with expenditure exceeding Budget by £14M and a consequent reduction in Reserves to £13M. The expected HM Government reduction in local authority expenditure has also been greater and more front loaded than expected. For a Council such as Westminster, with relatively low Council Tax income and high dependence on commercial income, these reductions have a severe impact on funding. This is particularly the case when they follow cost reductions from reorganisation in 2009/10 and a drive to deliver in excess of £20M savings to balance the Budget in 2010/11. Taking the impact of these issues together, the Council will be making annualised net cost reductions of £55M over three years.
- 4.3.5 Capital Expenditure has also been subject to detailed scrutiny and reductions in expenditure levels. With the reduction in capital receipts from the economic downturn, Westminster has become more reliant on using its own cash resources to meet its capital expenditure commitments. The Council has recognised that, during 2010/11, this 'internal borrowing' had reached its limits. The capital expenditure programme was reduced in August 2010 to limit the capital financing requirement and the level of interest payable. It is the Council's intention to extend its borrowings by £30M to maintain its cash position at a prudent level, and to do so before future increases in interest rates, particularly given the possible impacts of future government policy.
- 4.3.6 The implications of the Finance Settlement on Westminster's budgets are considered in section 8. The overall impact is a reduction in Revenue Budget to £236M and Capital Budget of £28.8M. This left a 'gap' in funding for 2011-2013, and the next sections outlines the approach the City Council has taken to address this gap.
- 4.3.7 The City Council's strategy to address this is set out in section 7. In the context of the current financial position the Budgets are subject to high levels of risk and uncertainty.

## **5. Living City in Tough Times**

- 5.1 On 5<sup>th</sup> November 2010, the Council published a consultation paper, "A Living City in Tough Times", outlining the proposed approach to setting the Budget for 2011/12. The paper outlined the need for change so that the City Council, and national Government, can live within its means
- 5.2 Decisions have been taken in the context of the Council's Living City priorities and what is important to Westminster's communities. The Council will need to keep its streets clean and safe, prepare the city for the Olympics, protect the most vulnerable and support family life, whilst improving education and supporting economic growth.

- 5.3 The strategy is to focus on those things that make the most difference to the quality of life in the city, stop doing things that are less effective or that the Council simply cannot afford, and drive down back office costs as far as possible.
- 5.4 The Council accepts that it needs to change the way that it works to enable it to deliver better services with less money. This approach is guided by three principles:
- Firstly, **value for money** will be central to everything that Westminster does and the Council will be transparent about what is spent and what is achieved. The Council will be ruthless in reducing bureaucracy which costs money and impedes good service.
  - Secondly, the Council will become more **entrepreneurial**. The Council will seek, where it can, to develop new services using social enterprises and trade with other parts of the public sector to bring resources into Westminster. The Council will aim to ensure that businesses that impose costs on the community or require special support in areas like planning and licensing recognise and contribute to the cost of their business to the community around them. The Council will be proactive in identifying opportunities to generate income, including through sponsorship.
  - Thirdly, the Council will ask those who live and work in Westminster to take more **responsibility** for their communities. The Council will encourage and support communities that want to help get things done. The Council has pioneered this with neighbourhood budgets and its Civic Community programme will build on this success in the coming years.
- 5.5 The Council has already taken a series of major steps in the current financial year and preceding years to reduce its spend and operating costs. There has been a reduction of nearly 10% of the Council's workforce, delivering a saving of £10M. No new recruitment can be authorised without the sanction of the Cabinet Member for Finance and Resources. The Council has also reviewed contracts including signing a new cleansing contract saving the Council c.£2.8 M each year.
- 5.6 The coming year will be even more challenging as we set out when we launched our 'Tough Times' consultation in November 2010. The Council is now dealing with the full realities of the public sector deficit reduction programme. Westminster has prepared itself for this through careful planning.
- 5.7 Throughout 2011, the Council will be petitioning for the necessary freedoms from central Government to become self-sufficient. This approach will benefit the residents and businesses of Westminster as the Council will be able to direct funding and resources to the priorities that matter most to them. It will restore implicitly the link between local tax payers and the services they receive, re-



energising the local democratic mandate and increasing the accountability of locally elected members.

- 5.8 Westminster will be petitioning Government to introduce the localisation of business rates, the freedom from laborious and bureaucratic reporting mechanisms, and the ability to charge for services according to their true cost. To substantiate the Council's programme for self-sufficiency, Westminster, alongside other central London boroughs, is working with the cities of Manchester and Birmingham on an inquiry into the financing of city local government. This business-led inquiry is reviewing and setting out recommendations for the future of city local government finance with the aim of producing a system that fosters growth, is self-sufficient, fair, transparent and responsive to the needs of effective city governance in England. It will be a source for the review into local government finance being commissioned by central Government, providing an extensive evidence base to inform current thinking.
- 5.9 In addition to pressing for self sufficiency the Council will change how it works to share more services, reducing our operating costs and becoming more lean and efficient.

### **Sharing & joining up services**

- 5.10 In October 2010 we announced our intention to share a range of services with Hammersmith & Fulham Council and the Royal Borough of Kensington and Chelsea. Proposals are being developed to deliver services in the most efficient way possible while allowing Westminster to retain democratic accountability and sovereignty. Initial proposals are set out in the Cabinet report on shared services alongside this paper.
- 5.11 The Council is looking to join up services across the public sector both locally and nationally. Westminster is one of one the government's sixteen Community Budget pilots that will bring together local and national services, and funding, to target particular challenges.
- 5.12 The Council will also join up services internally, radically transforming the way that it interacts with its customers through customer hubs; providing better, more holistic services; minimising the number of times that customers have to make face to face contact; and using the Council's property portfolio to widen and deepen access.

## **Balancing the Budget and further increasing efficiency**

- 5.13 As families across Westminster are having to make savings then so too must the Council. The Council will drive out inefficiencies and reduce costs across the organisation, making sure we have a leaner, fitter council able to deliver the services that residents value. We will also continue to reduce the wage bill and management costs.

## **Fair charging & cost recovery**

- 5.14 At the moment residents have to subsidise the costs of many of the services that the Council provides even though they do not use them. The Council will therefore seek to ensure that the costs to services users reflects the true cost of delivering these services and will apply this in a fair and transparent manner. Where legislation prevents this the Council is actively pressing the government to allow this. In the savings proposals put forward in the Budget, cost-neutrality for licensing and development control services, and reviews of charging in Childrens, Adults and City Management reflect this principle.

## **Income generation**

- 5.15 The Council will look at ways to bring in income through trading activities building upon the success of a number of departments. We will also look at generating income through sponsorship of key sites and places across Westminster without detracting from the overall visual appeal of the city. Proposals in trading and income generation in City Management, Finance and Performance and Resources reflect this principle.

## **Commissioning**

- 5.16 The Council will develop further joint intelligent commissioning. This means that the Council will meet citizens' needs by identifying demand and, through the market, acquiring the best services. By using an intelligent approach to procurement the Council can choose providers that will deliver the quality services at the best possible price. Proposals across the Council for improving contract efficiency are an example of this principle.
- 5.17 The Council will simplify internal processes and cut down on our own bureaucracy. We have already driven major improvements in our procurement practice and will drive this further and faster. This reduction in bureaucracy and process will allow reductions in headcount within Commissioning and strategic support units.

## **Personalisation**

- 5.18 The Council is committed to transferring key services to a personal budget model giving people more responsibility and choice over the services they would like to receive and how they would like to receive them.
- 5.19 The Council believes that giving residents more personal responsibility, choice and control over the services they use leads to better outcomes for the individual and family, as well as reductions in cost. The local authority's role is that of playing a role as an enabler of care and support, helping local people to understand the different services available to them and signposting them to a range of different providers in the marketplace, whether public or voluntary sector.
- 5.20 Over the next year, the Council will develop a cross-cutting strategy for delivering individual choice in frontline services. In Adult Social Care, personal budgets will be rolled-out to all users by 2013 and offer direct payments as a default, support health partners to introduce individual health budgets, and seek to better co-ordinate care to provide more holistic services to our customers.
- 5.21 The Council will continue to explore other areas for the application of individual choice and control.

## **Big Society, devolution & empowerment**

- 5.22 The Council sees a Big Society as being one where people and businesses take responsibility for doing the right thing to strengthen social capital and improve quality of life in the City. Together with voluntary, business and community groups we will deliver a Westminster version of the Big Society that empowers communities and devolves responsibility wherever possible.

## **Business engagement**

- 5.23 The Council recognises that businesses play a key role in the overall success of Westminster. It will look at further developing this relationship including an increased role for businesses in the communities in which they operate. It will also encourage business to play a greater role in the Big Society, helping them achieve their goals of corporate social responsibility.

## **Stopping or reducing activity**

- 5.24 The Council recognises that efficiencies, fair charging, income generation, sharing services and better commissioning can all deliver a large proportion of the savings that it needs to deliver in 2011/12 and 2012/13. Such proposals represent roughly 50% of the savings in this Budget for 2011/12. The scale of the

savings required, and the speed with which they need to be implemented mean that some changes to service specification will be required, and that some activity will need to cease.

## **6. Statement of affordable priorities by Cabinet portfolio**

6.1 The reductions in grant reflect the Government's macro-economic policy and the prevailing economic circumstances. The Council is determined to retain its reputation for quality public services and to maintain its responsibility to run the heart of a global city. It will do this through innovative and radical thinking and scrupulous attention to cost. However, the Council will not be able to afford all that it would like to do.

### **6.2 Leader of the Council**

6.2.1 The Leader's portfolio consists of senior management, Commissioning, Communications & Strategy, Policy and Performance and Emergency Planning. The Council will continue to reduce costs across the portfolio. The number of senior management positions will fall whilst the proportion of senior pay will reduce from previous years. Westminster has led the way in publishing details of senior executive pay and will move this further down the organisation as part of our transparency agenda.

6.2.2 In addition to reducing the number of senior positions, savings will be made in all areas covered in the portfolio, including legal, communications, policy and performance; these savings will total £4M. The City Council will also look at developing further joint intelligent commissioning, allowing reductions in headcount and associated costs. Savings proposals for Commissioning will reduce costs by £2M.

6.2.3 In order for the Council to succeed in these challenging times it will require the best senior managers, intelligent communications and smart commissioning to lead the necessary changes. The Council is committed to delivering this.

### **6.3 Built Environment**

6.3.1 The aim is to preserve and improve Westminster's unique urban and natural environments. The Council will rise to the challenge of managing this unique and complex environment by identifying opportunities for future improvement whilst carefully managing growth and change.

6.3.2 The priorities are to:

- a) Reform and safeguard the development management system
- b) Empower local communities through the local development framework and neighbourhood plans
- c) Complete the renewal of Leicester Square and Piccadilly Circus

- 6.3.3 As a result of the emerging legislation from Central Government, the Council will seek to maximise cost recovery for its development management service and look to integrate services such as Building Control with other boroughs where it is efficient to do so. The City Council will save £1.6M by maximising cost recovery, and a further £120K from headcount reduction across the development and city planning delivery units. New fee structures are likely to be put in place from the October 2011 onwards.
- 6.3.4 However if Central Government fails to deliver its objective of enabling cost recovery, the level of budget reductions required will have a significant impact on the current services delivered. This reduction in services will be achieved by refocusing on priority activities whilst substantially reducing current staff resources (by a minimum of 31FTEs).
- 6.3.5 The publication of the Localism Bill has introduced new challenges through the creation of the concept of neighbourhood plans and the strengthening of the importance of planning enforcement activity. These additional pressures will also need to be balanced within a diminishing level of resources and as a result the Council will charge for a greater range of services in order to recover costs. In making these changes the Council will work with amenity societies, developers and property associations to reduce costs in a sustainable and effective way.

#### **6.4 Business, Enterprise and Skills**

- 6.4.1 Westminster plays a vital part in the UK economy, contributing over 2% to national GDP. Building on the success of our City Recovery Programme, the Council will continue to play a strong role in supporting local businesses and helping residents back into work.
- 6.4.2 The priorities are to:
- a) Support local entrepreneurs to start and grow their businesses and contribute to the local economy.
  - b) Work with partners to help support local residents into sustained employment.
  - c) Work with the Government to review options for localising business rates to support business growth and economic development in Westminster.
  - d) Work with Business Improvement Districts (BIDs) and encourage them to play a greater role in supporting the local economy and delivering public realm improvements.
  - e) Lobby Government for changes to the Licensing regime so that the council is able to apply appropriate charges to licensees so that they contribute to the costs of the night-time economy in Westminster.

- 6.4.3 With LABGI funding ceasing, whilst the Council will continue to make the case to central Government for the local retention of business rates revenue, it will be necessary to begin focusing instead on creating the right planning policies and physical environment to do business in, and working with the Government's work Programme and local Job Centre Plus to help residents back into work.
- 6.4.4 The Council has listened to representatives of businesses and BIDs and understands which services they value. It is inevitable that services will have to change in the coming years but the Council wants to work with BIDs and others to explore ways to maintain high standards, increased co-operation, and innovation. The Council will also continue to argue for re-localisation of business rates. Recovery of licensing costs and reductions in spend on the licensing application process will deliver £270K. The Council will make efficiencies and generate income in its Premises Management service. This will deliver £305K.

## **6.5 Children and Young People**

- 6.5.1 Even at a time of unprecedented reductions in resources it remains vital that the Council does all it can to support families to care for their children and ensure that they get the best possible start in life. Children's services will be making budget reductions in 2011/12 and 2012/13 amounting to £15.2M including lost central Government grant funding. Whilst we know that parents undoubtedly have the biggest influence on the life chances of children and young people, schools and community organisations also can have a massive impact. However, for some children and young people additional services need to be provided to ensure that they can access the same educational opportunities and for some to ensure that they are safe from harm. The Council will also work with its partners to ensure that young people and their families are not involved in crime and anti-social behaviour. Westminster will make savings by targeting this provision to families who will benefit most from early intervention and by removing universal service provision in areas of low need.
- 6.5.2 The priorities are to:
- a) Work with partners to protect all children and young people from harm, including those in our care.
  - b) Work to keep young people happy, safe and protect our communities from gang crime.
  - c) Focus resources on supporting families, children and young people that can best benefit from our support - identifying needs early and intervening to prevent poor outcomes and more costly interventions being needed at a later date. This includes a commitment to reduce the numbers of children the Council looks after.
  - d) Work with schools to raise the standards of educational achievement reached by all children and young people.
  - e) Work with Government to ensure that Westminster schools and pupils receive fair funding.

- f) Work with Kensington & Chelsea and Hammersmith & Fulham to develop shared services, reducing duplication, and management and back office costs, in order to continue to provide high quality support to schools and children, young people and families.
- 6.5.3 Children's Services have endeavoured to find cost efficiencies wherever possible to mitigate cuts to front line services. This has included a full review of all business support posts, reduction in senior management posts in both Commissioning and Delivery units and contract efficiencies with a wide range of our suppliers. These efficiency savings will amount to over £2.3M.
- 6.5.4 Central Government changes to specific grants will result in a reduction in expenditure of some £7.6M. Details of the impact of these reductions are still being finalised but areas affected cover - primary & secondary schools strategy; school development; support for young people, and early years provision.
- 6.5.5 Children's Services are at the forefront of the discussions relating to shared services with Kensington & Chelsea and Hammersmith and Fulham. Education services are planned to merge later this year with a savings target of £500k in 2012/13.
- 6.5.6 The Council is increasing charges and/or ceasing or reducing provision of universal play and voluntary sector children's services. A review of play provision has been conducted which has made a number of recommendations to reduce costs including the introduction of higher charges. A reduction in funding for careers advice through schools and youth centres has also been proposed. Youth provision to engage young people at risk of violence and anti-social behaviour will be prioritised. Savings to these services amount to over £1.2M.
- 6.5.7 The Council aims to reduce expenditure on high cost services and placements for looked after children. The ability to reduce expenditure in this area is based on the Council's success in reducing the overall number of looked after children and the number of high cost placements. These savings are dependent on the effectiveness of the Council's early intervention and prevention services. If placements for looked after children are not carefully managed these proposals could increase risks to children and could affect the Council's reputation amongst foster carers. These savings amount to a very challenging £1.4M over two years.
- 6.5.8 The Council remains committed to improving the targeting of existing early intervention and preventative services. If successfully targeted, these services provide lower cost, earlier interventions that prevent higher cost, specialist services being necessary to support children and young people at a later date. Proposals include fewer day care places for the under 5s, a reduction in the support to our early years settings and reducing the support to voluntary sector children's organisations. This could impact on the Council's ability to identify and

respond to needs early enough to prevent most costly intervention at a later date. Savings will amount to £1.7M over two years.

- 6.5.9 After careful consideration restricting expenditure on child safeguarding services including a reduction in externally provided specialist assessments will result in a saving of over £400k.

## **6.6 City Management**

- 6.6.1 Westminster is the heart of London, a top tourist destination, and plays a key role in national life. The Council will ensure that Westminster continues to have clean, safe and welcoming streets for residents, businesses, and visitors alike, that Westminster businesses operate safely and fairly, and will help prepare the city for the Olympics.

- 6.6.2 The priorities are to:

- a) Maintain good standards of cleanliness.
- b) Preserve our green and open spaces.
- c) Provide effective and efficient waste and recycling services.
- d) Prepare Westminster for the 2012 Olympics.
- e) Ensure a safe environment in Westminster for living, working and visiting.
- f) Ensure that Westminster's businesses operate safely and fairly.

- 6.6.3 Clean, Safe Streets remain the main priority but the Council will need to seek efficiencies in all our operations and there will be a frontline impact in these areas. Through working with our partners to redesign services, acting strongly against those that litter and dump waste and encouraging residents and businesses to act responsibly, and to help us keep the streets clean, by doing their bit as well we will seek to minimise the impact as much as possible (net saving after budget pressures of £5M). Our council-wide consultation activities will track feedback in relation to any service changes and seek to ensure that customer satisfaction is maintained.

- 6.6.4 The Council will look to involve new partners in the delivery of city management services. Where appropriate, the Council will consider greater private sector involvement in the provision of services such as public conveniences (offering a saving of £585K), and give residents more opportunities to support their local parks and open spaces.

- 6.6.5 The Council wants to ensure that businesses contribute to the cost of maintaining a safe trading environment and consider ways to encourage businesses to take greater responsibility for maintaining the public realm, in parallel with the work that we do.



6.6.6 The reduction of revenue expenditure across transportation services will be achieved through a combination of efficiency savings, capitalisation, reducing routine / reactive maintenance activities and the cessation of some services. Further reductions will be made on reactive lighting maintenance, which will require re-prioritisation of non-emergency maintenance and focus on repair of equipment rather than replacement.

6.6.7 Savings in relation to bridges and structures are predicated on the delivery of lighting improvements to road underpasses and pedestrian subways as part of the annual capital planned preventative maintenance programme. Once again, the proposed reduction in reactive maintenance will require a re-prioritisation of non-emergency maintenance and focus on repair rather than the replacement of equipment. Finally, work associated with improving the life of assets e.g. structures / lighting will be capitalised where possible.

## **6.7 Community Services**

6.7.1 The Council will deliver the “Westminster Standard” of service to our customers, and work with the best local providers to ensure that adult residents in Westminster have the opportunity to enjoy community facilities and make an active contribution to their neighbourhood.

6.7.2 The priorities are to:

- a) Make it as easy as possible for customers to access services.
- b) Deliver a fair funding system for the voluntary and community sector.
- c) Expand the number of services available through Libraries and encourage greater involvement of volunteers.
- d) Increase levels of volunteering across the city.
- e) Move Sports and Leisure services onto a cost-neutral footing by 2014/15.

6.7.3 The Council will develop a more cost-effective customer strategy and create multi-agency customer hubs saving £2M. The aim is to improve the customer focus of the Libraries service, using staff and premises to provide a wider range of council services. Efficiencies, reduced expenditure on stock, closing St James Library, the co-location of Westminster Reference Library and Charing Cross Library and headcount reductions will save £970K.

6.7.4 The Council will develop a sports, leisure and wellbeing model within the Council dedicated to commissioning from a range of agencies. The Council will seek to reduce discretionary services and externalise our in-house services and facilities so that sports and leisure services are cost neutral by 2014/15. This will deliver £450K.

## **6.8 Finance and Resources**

- 6.8.1 The Council will aim to maintain its commitment to low Council Tax, supported by help from the Government. The aim is to protect the financial standing of the Council, become more commercial and self-sufficient, and optimise the allocation of resources to the area that matter most to residents. The Council will make effective use of our assets and resources, deliver better and cheaper procurement, and create an organisation that is able to adapt to the new financial environment, supported by a smaller core of infrastructure and support services.
- 6.8.2 The priorities are to:
- a) Deliver low Council Tax.
  - b) Set a workable Budget for the Council so that it can continue to deliver quality services despite unprecedented reductions in funding.
  - c) Become more commercial in our approach by trading services, pursuing full cost recovery wherever possible, and identifying new income streams, moving the Council towards a position of self-sufficiency.
  - d) Reconfigure the back office to work more efficiently.
  - e) Ensure transparency and accountability of council spend and delivery.
  - f) Deliver maximum value for money to the taxpayer by disposing of or finding other uses for underused assets, including property.
- 6.8.3 The Council will streamline its core Finance structures and processes and ensure that they are compatible with future opportunities to share services with other boroughs or to outsource delivering a saving of £1.2M.
- 6.8.4 The Council will seek to maximise income through Council Tax collection and reclaiming overpayments of benefits, and achieve savings of £400K through procurement and contracting efficiencies.
- 6.8.5 The Council will continue to drive outsourcing, service redesign and partnering arrangements for across the Resources portfolio saving over £1M.
- 6.8.6 Through its Neighbourhood One Stop Strategy the Council will reduce accommodation costs. It will also consolidate premises and dispose of assets that are unnecessary or underused. This will deliver £4.4M across the property portfolio. For the assets that remain, the aim is to reduce the cost of facilities management.
- 6.8.7 The Council will offer customers more choice in the way they interact with the Council by developing and improving the ability to transact online and by eliminating inefficiency and simplifying many customer processes. In doing this it will permit the rationalisation of expensive face to face channels and allow the delivery of service in other locations like Libraries.

6.8.8 The Council will seek to drive cost reductions of contracts by renegotiating and seeking efficiencies with existing partners or by re-letting where necessary. It will also seek to properly apply a category management approach to all spend and drive efficiencies by procuring items together and in volume, using e-auctions where appropriate.

## **6.9 Housing**

6.9.1 The Council will maximise the availability of high quality, affordable housing to meet identified local needs.

6.9.2 The priorities are to:

- a) Optimise the quality and supply of affordable housing.
- b) Regenerate those neighbourhoods most in need of improvement, maximising housing opportunity and local quality of life.
- c) Minimise the impact of high housing demand, providing for those in most housing need and vulnerable people, including rough sleepers, overcrowded and homeless households.
- d) Help residents stay in their homes and prevent them from being made homeless by providing high quality advice and other interventions.

6.9.3 Housing Commissioning will be making budget reductions of over £6.5M in 2011/12. This will be delivered across the range of housing and homeless services but in particular will include no longer commissioning hostels which are not meeting a strategic need and/ or are provided out of buildings that are no longer fit for purpose. Through competitive procurement there will be reduced expenditure on rough sleeper and supported housing contracts. The Council will procure and manage Temporary Accommodation (TA) more efficiently negotiating procurement contracts where necessary to deliver the required levels of TA within government charging levels.

6.9.4 The focus on homeless prevention and providing high quality housing advice will remain, in particular to manage the impact of the introduction of caps on private sector Housing Benefit levels.

6.9.5 The Housing Renewal programme will help sustain the ability of individuals and families to live, study and work in Westminster and will be entirely self-financing, with sales income used to subsidise affordable housing and other renewal projects.

6.9.6 The Council will review the way that we manage the Housing Revenue Account, reducing costs and identifying new income streams so that the Council can afford to deliver its priority work streams.

## **6.10 Parking**

- 6.10.1 The Council wants to deliver a “firm, fair and excellent” parking regime which meets the needs of our motorists and residents.
- 6.10.2 The Council’s comprehensive review of parking policies will seek to develop an approach to parking which balances the needs of our residents with those of our visitors, and supports commerce whilst keeping traffic moving. The review will help the Council to understand how people travel and park around central London, so that the Council can respond in a way that will meet the challenges of the coming decade.
- 6.10.3 The Council will build on the success of initiatives such as cashless parking to reduce administrative costs and the number of parking tickets that are subject to appeal.
- 6.10.4 In respect of transportation projects, the advice and approval service relating to accident, safety and traffic management will be reduced by 45%. Also funding relating to the annual review of accidents and development of studies will be reduced by 19%. These budget reductions assume that current income targets are met. If not then significant additional savings will need to be made.

## **6.11 Society, Families and Adult Services**

- 6.11.1 By working together with all stakeholders and within available resources, the Council will ensure that adult residents of Westminster have the opportunity to achieve the best possible health and wellbeing, are able to have as much choice and control in their lives as they wish, are able to make an active contribution to the community, and are effectively safeguarded from abuse.
- 6.11.2 The priorities are to:
- a) Further develop the Family Recovery model as an approach to working with families with the most complex needs.
  - b) Ensure effective safeguarding of vulnerable adults while ensuring that risk is not used to limit choice.
  - c) Give more choice and control to individuals in the assessment and planning of their own care, and through direct payments.
  - d) Support the move to GP-led commissioning, collaborate with the NHS, and work with the NHS to effectively allocate resources to fund social care.
  - e) Develop proposals for sharing services across the three boroughs.
  - f) Ensure a safe environment in Westminster for living, working and visiting.
- 6.11.3 Delivering excellent services in this area will be highly challenging in a time of reduced resources. Across Adult Social Care, the Council is developing proposals for integrating services, models of commissioning, delivery, shared management and support functions across the three boroughs to improve

efficiency and customer experience, and achieve savings in management and support costs. (With initial savings through merged senior management of £200K, and contributing to further savings through care management integration with health).

6.11.4 Following recent consultation the Council is now implementing a new, higher eligibility threshold for social care services (saving £2M on home care services) and changes to the way it charges for social care services supporting people in their homes (increasing income by £150K).

6.11.5 A key priority is to shift a greater proportion of expenditure from assessment into care as we move to increased personalisation. The Council wants to give users greater choice and control over their care and increase the number of clients who receive direct payments. Overall savings of £2.2M are projected from care management costs. The Councils approach to re-ablement will help more people maintain independence reducing the number requiring long term support and saving a further £500K.

6.11.6 It will be necessary for the Council to reduce expenditure on some services including day centres, residential care, home care, and mental health support. A range of proposals are designed to save £5.8M.

6.11.7 The Council is moving from supporting voluntary sector organisations by grants, to commissioning. This approach will improve the offer of universal services leading to better accessibility for all communities and groups, and focus preventive services more closely on people who need them. This will give savings of £633K.

6.11.8 The Council is also exploring innovative new funding mechanisms and service models. The Council is negotiating with the Government for a Community Budget for family support, building on the success of the Family Recovery Programme in achieving positive outcomes for troubled families while reducing costs to the State.

6.11.9 The Council has already achieved significant efficiencies in its Street Management operations. It will be necessary over the next two years to review our approach to community safety to better target services and maximise value from Police and Council resources.

## **7. Overview and Financial Strategy**

### **7.1 Background**

7.1.1 In setting its Budget and Council Tax for 2011/12, Westminster faces a particularly challenging set of circumstances. The pressures on public expenditure and sharp reductions in local authority funding levels from April 2011

have followed two very difficult financial years that have seen Reserves fall from £70M in March 2009 to a projected level of £13M in March 2011, of which only a £10M transfer to the Transformation Reserve and £5M of contingency funding for 2010/11 was planned.

7.1.2 In the Budget and Council Tax report for last financial year, the Council set out the effects of the recession on a number of commercial income sources affecting Revenue and Capital, and the impact that this had had on Westminster's ability to balance its Budget. The report set out plans for returning to a balanced budget for 2010/11 at a net expenditure level of £230M, with an additional £5M of contingency in 2010/11. That paper anticipated opening Reserves for 2010/11 of £32M and closing Reserves of £27M as at 31 March 2011.

7.1.3 That report made reference to two critical issues:

- a) The dependency on a recovery in commercial activity within the borough to underpin return to a balanced budget and address Westminster's own "structural deficit";
- b) A fundamental review of Council operations and activities to prepare for the likely impact of government spending reductions from April 2011.

7.1.4 In the event, the Council will not meet its Budget for 2010/11, with projected expenditure exceeding Budget by £14M and a consequent reduction in Reserves to £13M. The expected HM Government reduction in local authority expenditure has also been greater and more front loaded than expected. For a Council such as Westminster, with a profile of reducing commercial income and low Council Tax base, these reductions have a severe impact on funding.

7.1.5 This is particularly the case when they follow the cost reductions from reorganisation in 2009/10 and a drive to deliver in excess of £20M savings to balance the Budget in 2010/11. Taking the impact of these issues together, the Council will be making annualised cost reductions of c.£55M over the three years 2009/10, 2010/11 and 2011/12 and absorbing the impact of specific grant reductions of £5M.

7.1.6 Capital Expenditure has also been subject to detailed scrutiny and reductions in expenditure. With the reduction in Capital receipts from the economic downturn, Westminster has become more reliant on using its own cash resources to meet its Capital expenditure commitments. During 2010/11 the Council has recognised that, at £135M, this "internal borrowing" had reached its limits. The capital expenditure programme was reduced in August 2010 to limit the capital financing requirement and the level of interest payable. It is the Council's intention to extend its borrowings by £30M to maintain its cash position at a prudent level, particularly given the possible impacts of future government policy.

## **7.2 Budget process 2011/12**

- 7.2.1 Along with other prudent Councils, Westminster foresaw that spending cuts were on the way and prepared accordingly. Building on Westminster's strengths in this area, there has been a substantial improvement in financial management across all functional activities, in the last year. As a result, the overspend for 2010/11 has been contained from levels projected at earlier stages in the financial year and portfolio members, and senior management have been provided with full, regular reporting on the actual and forecast financial position throughout the year.
- 7.2.2 Further, as anticipated in last year's Budget report and described above, the Council has conducted a series of Fundamental Service Reviews through 2010. Portfolio holders and Officers have worked together across the organisation to identify areas for service redesign, increased efficiencies or service changes. Initial work was based on a working assumption of a 25-40% reduction in budgets over four years. Later this high level assumption was replaced by draft Service Area expenditure limits based on the Council's interpretation of the Comprehensive Spending Review on 20 October. At that time, the Council anticipated an overall reduction in its general funding of £14.5M and reductions in specific grants of c £6M.
- 7.2.3 However, the Local Government Finance Settlement (LGFS) announced on 13 December, imposed general funding reductions of £23.4M and specific grant losses amounting to c. £2-3M. Although it was clear post the announcement that much more work would be required to finalise budgets financial a framework was presented to Cabinet on 17 December to maintain progress into implementation in April 2011 for those changes already agreed. At that time, the Council identified a £12.3M gap that needed to be closed to balance the budget for 2011/12 and an in-year surplus of £5.9M in 2012/13.
- 7.2.4 During January and February expenditure was subject to further assessment and a further £9M of net savings identified. This was sufficient, in conjunction with the full appraisal of the LGFS financial impacts, to bring the Council to a balanced budget in 2011/12 and a small surplus of £3.2M in 2012/13.
- 7.2.5 Based on statements made at the time of the Comprehensive Spending Review in October 2010, Westminster will lose a further £2M of funding in 2013/14 and £9M in 2014/15 requiring further changes to be made to expenditure and services. However, no further detail for those two years was provided in the LGFS.

7.2.6 Given HM Government's stated intention to review all local government finance arrangements for the latter two years of the LGFS, the Council has focused, at this stage, on working within its funding envelope for the first two years – 2011/12 and 2012/13.

### **7.3 Revenue Budgets, Capital Budgets and Capital Financing 2011 - 2013**

7.3.1 Overall, net expenditure funded from Council Tax, RSG and ABG will reduce from a planned baseline of £266M in 2010/11 to £236M in 2011/12 and £218M in 2012/13. Within this, Council Tax will increase by £135K, RSG increases by £5M and ABG which was £31M in 2010/11, will cease completely, with some elements being rolled into formula grant. In addition, the Council will receive £61M in specific grants in 2011/12, and £58M in 2012/13, compared to £62M in 2010/11. The Budget assumes that commercial income, including all forms of fees and charges, will remain unchanged year on year at £166M.

7.3.2 In Revenue terms, to meet its own 2011/12 savings programme and the subsequent reductions arising from the LGFS, the Council will have to deliver a savings programme of £60.7M. Part of the savings will be offset by unavoidable increasing cost pressures that amount to £30.6M across all Service Areas. Further detail is given in Schedule 3a.

7.3.3 In addition to achieving savings to meet the expenditure limits set by the Council to match its own formula funding limits, Service Areas are directly exposed to the reduction of activities associated with specific grants, subject to equalities considerations. It is Council policy that, where specific funding streams are reduced, Service Areas will match that decline in funding in both quantum and timing. Reductions in ABG and other forms of service specific funding are reducing by £11.1M in 2011/12 and £4.5M in 2012/13 compared to 2010/11.

7.3.4 The detail of the Revenue Budgets and the net expenditure limits by Portfolio are set out in Schedule 5 and the service changes/savings programmes to meet these limits in Schedule 3. The cost of levies and the GLA precept are addressed in Schedule 4. Integration of these financial changes with the "Living City" programme is addressed above.

7.3.5 The detail of the Capital Budget is set out in Section 8. To contain the level of "internal borrowings" and allow scope for the capitalisation of change costs, the projected level of capital expenditure has been reduced by £20M compared to the level approved in August 2010. The commentary below outlines some of the project-level changes that may be under review to achieve this reduction in the Capital Programme. Decisions on the precise composition of the Capital Programme will be finalised in March, when some outstanding issues on in-year capital receipts and 2010/11 spend levels are resolved.



7.3.6 The Treasury Management Strategy that accompanies this report sets out Westminster's position on the management of cash and borrowings. Apart from routine updates on the financing position and the approval of additional investment options, the paper recommends to Cabinet a £30M extension of our existing loan portfolio with the Public Works Loans Board (PWLB). This will address the difference between capital expenditure commitments in 2010/11 and projected in-year capital receipts. This recommendation is consistent with earlier advice to Cabinet on the management of the Council's capital financing and cash position.

## **7.4 Budget Assumptions**

7.4.1 In preparing budgets, Service Areas were given net expenditure limits for 2010/11 and 2011/12. These were subsequently revised to meet the additional savings required by the LGFS. Within these limits, Service Areas were instructed to accommodate the costs of inflation on external spend, other pressures and any costs of change necessary to deliver savings. The costs of change were to include all redundancy costs.

7.4.2 There is no provision for pay increases in 2011/12 and 2012/13. This follows a pay freeze over 2009/10 and 2010/11. Employee costs are expected to reduce significantly with the expected level of redundancies over the two years amounting to 350-450 staff.

7.4.3 In contrast to prior years, there are no central or Service Area contingencies allowed for within the Budget totals. No central provisions are held to meet any inflation or change costs. The Transformation Reserve, created in 2009/10 to meet the costs of organisational change, will be fully committed by the end of March 2011.

7.4.4 Commercial income is expected to stabilise at 2010/11 budget levels. Overall Commercial Income is budgeted at £166M, and capital receipts at £90.5M. The Council will continue to benefit from interest income on its cash holdings, but as in recent years, this will be offset by debt servicing costs. The net position for 2011/12 is £15.3M net interest payment.

7.4.5 General Reserves will be available to support Revenue budgets through 2011/12 and 2012/13. It is assumed that these will amount to £13M as at 31 March 2011. Earmarked Reserves of £12M (excluding Schools and HRA) have been set aside for specific purposes as detailed in Section 9.3. It may be possible to use these, to a limited extent, to meet timing differences on expenditure over the next two years.

7.4.6 Although the Tri-Borough combination is now underway, with H&F, RBKC, and WCC looking to make joint arrangements across a range of services, there are limited financial benefits from this initiative within the 2011/12 and 2012/13 baseline. Significant financial benefits are anticipated over time and the

incorporation of these into future budgets for Westminster will be assessed as part of next year's budget preparation in late 2011.

## **7.5 Costs of Change**

- 7.5.1 Initial budget guidance required Service Areas to absorb all costs of change within their expenditure limits, including the costs of redundancies. In preparing the budget, this particular aspect of planning for 2011/12 and 2012/13 has been a cause of particular concern because of the potential scale and uncertainty associated with these costs. With savings programmes being finalised, for budget purposes, through December and January, limited work has been done to date on planning for implementation. However, the assumption is that implementation will begin in April in order to meet the profile of funding reductions that Westminster faces.
- 7.5.2 Redundancy costs will be high and, at present, are subject to considerable uncertainty. Accurate assessment is only possible once a defined list of named individuals is known. At present, Service Areas are still quantifying the impact on headcount and making preliminary assessments of the grades of staff affected. Staff reductions will have to proceed in stages throughout 2011/12 and 2012/13. Phase 5 is now underway, with an estimated reduction in staff numbers of 200. This follows Phases 1-4 which ran through 2009-2011 and resulted in headcount reductions of 531 FTEs, although only 234 were required compulsory redundancy with the remainder being achieved through various alternative means. However, the scope for meeting headcount reductions through natural wastage and the removal of temporary staff will reduce with each successive round of headcount reductions. The Council estimates that redundancy costs for 2011/12 and 2012/13 will be in the range £12-18M, reflecting variation in the numbers of staff affected and the average cost incurred for each reduction in headcount.
- 7.5.3 An initial assessment of all savings programmes has identified that, whilst good progress has been made in turning savings targets into deliverable plans, a number of initiatives are not yet supported by implementation plans of sufficient quality. The Chief Executive will chair regular meetings to ensure the implementation is on track.
- 7.5.4 Service Areas are also identifying the need in some areas for additional specialist support to provide greater assurance that plans can be managed to deliver the identified benefits in the timescale required. In some cases, preliminary work on Tri-Borough working may require change support to progress identified programmes that deliver financial benefit. This is necessary in order to take proposals to the required stage of development before final decisions are made.

- 7.5.5 Westminster assumes that it may incur additional change costs of the magnitude of c. £4M across 2011/12 and 2012/13, based upon initial assessments of the resource needs of the change programme. Further work is being conducted to develop the robustness of these estimates.
- 7.5.6 Overall, based on the best estimates currently available, the Council will need to fund change costs amounting to £16-22M to deliver its savings programme. The lower figure exceeds the Council's General Reserves, the higher figure both General and Earmarked Reserves as at 31 March.

## **7.6 Risk and Robustness**

- 7.6.1 Given the context set out above, developing a credible budget for 2011/12 and 2012/13 has been extremely difficult. The seriousness of the challenge and the severity of the funding reductions have been recognised by Members and Officers. Considerable work has been done over several months to resolve the position, taking due account of the financial framework under which local authorities operate, statutory and regulatory requirements, the feasible level of efficiencies, and the impact on service users/residents. A number of savings options have been generated through this process: the vast majority have been incorporated into the Council plans to achieve the balanced budget.
- 7.6.2 A particular problem for Westminster is the speed of change required, with LGFS funding reductions of £23.4M following hard on the heels of the internal savings programme of £20M to meet Westminster's "structural deficit". Whilst either savings programme would be a significant management challenge in its own right, the combination of the two demands much greater speed, creates more complexity and consequently a higher management input to deliver targets. Regulatory and statutory requirements around the management of redundancy plans, multiple consultations and procurement laws often restrict the speed at which changes can be made.
- 7.6.3 Central to setting any financial plan is the issue of financial risk. Many public sector organisations will find themselves in a similar position to Westminster in trying to assess the extent of the robustness of, and risks to, their financial plans. The current economic climate and HM Government policy on expenditure reductions, with limited additional freedom from regulation, has created a fundamental shift to a greatly increased financial risk profile for many public sector bodies where the usual rules on risk management and prudence cannot be applied.
- 7.6.4 Westminster has been independently assessed as strong on financial management. The budget process has had full engagement across the Council, planning assumptions have been prepared with care and subject to review.

However, many aspects of our Revenue and Capital planning are subject to levels of uncertainty which it will not be possible to resolve prior to the finalisation of the budget and some may not be fully assessed and planned until the beginning of the new financial year. In this context, the robustness of estimates cannot be guaranteed and will be subject to change.

7.6.5 For the 2011/12 and 2012/13 Budgets the key risks and uncertainties are:

- a) The ability of Service Areas to contain all inflationary costs, alongside other pressures, and meet their savings targets. The Budget assumes delivery of c. £60M of savings in 2011/12 and £23M in 2012/13 with accelerated implementation from April 2011. Any reductions in savings estimates or delays in the savings programme, which may arise from circumstances beyond the Council's control, will result in adverse variances to Budget. In 2009/10 and 2010/11, savings programmes prepared over a more extended time period have been subject to review and delay. A 3 month delay in the delivery of savings would result in a c.£12M overspend relative to Budget;
- b) The ability to contain redundancy and change support costs estimated together at c.£20M over two years within Service Area expenditure limits and Reserves;
- c) Senior Officers in Adults and Children's Services have particularly drawn attention to the risk that, as services are reduced in one area, the same person or need manifests in a different way, negating savings or potentially increasing cost;
- d) The savings programme assumes no legal challenges to business as usual or savings implementation: this is counter to Westminster's recent experience;
- e) The redundancy programme will be a substantial commitment covering some 14-18% of the Council's staff (before any impacts of Tri-Borough working). To achieve the Budget, staff will need to leave on an accelerated timetable within the appropriate statutory framework and the Council's obligations towards all employees;
- f) The Budget assumes the use of new charging regimes being made available. If the necessary authorities are not given and/or the ability to charge is limited below those implied by Budget assumptions the budget targets will not be achieved;
- g) There are a number of corporate risks on legal matters (£2M), Iceland banks write-downs (£5M) and general operational risks (£11M) that have previously been identified to Audit and Performance Committee. These items alone were the basis for recommending a General Reserves position of

£18.2M to Audit & Performance Committee in February 2011. In addition to reductions in Service Area general formula funding, within the Budget all Service Areas are being expected to reduce activities associated with specific grant streams to the new level of those grants and meet any associated costs of change;

h) A particular risk area relates to the staging and financing of the Olympics. The budget assumption is that any specific costs arising in relation to the Olympics will be matched by additional funding. To date, projected expenditure is expected to be matched by additional funding to the budget envelope;

i) Westminster has traditionally worked very closely with its equivalent health partners in the borough and has a number of joint service and staffing arrangements. The wide ranging changes within the health service will involve the Council in adapting well established commissioning and delivery arrangements. Whilst we continue to engage fully with the current and emerging health bodies, there are potentially costs that will fall to Westminster from staffing reductions or development of new health arrangements;

j) Technical issues around the introduction of IFRS continue to present risks at a time of tight financial management. Changes in the guidance applied to IFRS adoption may result in higher charges to Revenue;

k) Westminster's funding is heavily dependent on commercial income levels. On the capital side, the capital programme assumes a certain level of capital receipts. If these are not achieved, further capital reductions will be required or internal cash will be reduced;

l) Interest rates present an important corporate exposure. The Budget assumes that interest rates will be in the range 0.7% - 0.9% for interest income and 3.5% - 4.5% for interest payments on any new borrowings. Should rates increase, driven by inflation or other factors, as a net interest payer the Council will see an adverse impact on budgets;

m) The employer contribution to the pension fund of 16.5% of salary is as advised by the Actuary and is based on certain assumptions (including longevity, investment returns, employee numbers and continued solvency of other parties to the pension fund). If any of these assumptions do not turn out as expected, this could have a negative effect on the valuation of the future liability of the pension fund, and may require an increase in employer contributions at a later date. The fund and steps necessary to address the current funding gap will be available in March/April 2011 and take account of the findings of the Hutton Review.

- n) Westminster has been subject to strong demographic pressures in recent years, with increasing demand for services especially in Adult and Children's Services. The Budget assumes that these increasing demand pressures on many services can be contained and offset by savings programmes.
- o) The estimates that have been used to prepare the Budget have been subject to review and scrutiny and are broadly accurate based on the information and time available. However, the Council will be making major and inter-related changes in its service and organisational arrangements in a short time period. With the benefit of time and further consideration, many Budget assumptions may be shown to be insufficiently robust.
- 7.6.6 The main opportunity for an improvement in Westminster's Budget position is the increase in income. However, given the experience of the last two financial years and the operational and contractual disruption to Parking services in 2010/11, the risks are more likely to be on the downside.
- 7.6.7 With no central provisions or contingencies, the Council's financial position is directly exposed to the ability of Service Areas to deliver their planned services and change programmes within their Council defined "cash limits", at the same time as managing down inflationary and other pressures and meeting the reductions in specific grant envelopes. Without additional support for the costs of change, they would also need to accommodate these additional costs pressures.
- 7.6.8 The Council carries a forecast £13M of General Reserves and £12M of Earmarked Reserves (excluding HRA and Schools) as at 31 March 2011. Some of the Earmarked Reserves will be drawn down to meet their stated purpose over the next two years, leaving a projected balance as at 31 March 2013 of £3.M
- 7.6.9 The Council's reserve policy requires that Reserves should reflect the agreed financial strategy and represent the quantified impact of risks and opportunities over the planning period, weighted for probability. On a risk-assessed basis, the projected Reserves cannot be judged adequate to meet the risks and the consequent level of additional costs that might fall to Revenue in 2011/12 and 2012/13.
- 7.6.10 The Council therefore faces a dilemma: its financial risks are significantly increased by the scale and speed of the change programme to live within its funding envelope. In these circumstances, and recognising that the majority of cost reductions identified through its budget preparation as being feasible have been incorporated in the Budget baseline, there is limited scope for further savings to mitigate this risk. A particular manifestation of this "vicious circle" is that using additional savings to meet redundancy costs will give rise to additional headcount reductions and further redundancy costs – a situation that rapidly becomes untenable on both legal and practical grounds.

- 7.6.11 Recognising that this situation might arise after the LGFS announcement, Westminster engaged with CLG on its wider budget pressures in parallel for its application for capitalisation of costs for 2010/11 and prior years. It is a core assumption of the Westminster Council 2011/12 Revenue and Capital Budgets that the continuation of these discussions will lead to a position whereby the Council will be able to use the capitalisation of c. £20M of change costs, as well as its Reserves, to address the Budget risks.
- 7.6.12 Although this assumption is central to the delivery of the 2011/12 and 2012/13 financial plans, there can be no assurance that further discussions with CLG will be successful in securing their agreement to the adoption of this accounting policy. CLG have stated that their objections to this approach rest on the impact that such accounting policies will have on central government borrowings/debt and the appropriate accounting treatment to be adopted between Revenue and Capital spend. The Council believes that there are good counter-arguments to these points, but they may not be accepted by the Department.
- 7.6.13 To meet the first of CLG's concerns, reductions in the Capital Programme are being made to ensure that there is scope for any agreed capitalisation of costs to occur without any consequent net impact on HM Government debt or borrowings arising from actions by Westminster Council.
- 7.6.14 It is the Council's intention to continue to progress discussions with CLG in March so that the treatment of change costs can be determined by the beginning of the new financial year. Should Westminster be unable to agree its preferred approach with CLG, the Council will be required to initiate further Revenue savings to avoid breaching Reserves limits. However, for the reasons set out above, the Council believes that this will present significant statutory and logistical difficulties
- 7.6.15 The use of capitalisation, offset by capital expenditure reductions, will enable the Council to meet the funding reductions required by central government but in a way that reflects the reality of the options open to the Council, given its recent history, relative tax base, scale of reductions and the particular burdens placed upon it by its role as service provider to the centre of the capital city.

## **8. Council Tax**

- 8.1 In setting Council Tax levels, the Council is always mindful of the financial pressures on its stakeholders. This must be balanced against the Council's service responsibilities, likely funding levels, Reserves position, and possible risks. In previous years, the balance of consideration has favoured nil Council Tax increases, although the Section 151 Officer recommendation was for an increase of 2.9% in 2005/06, 5% in 2006/07, 5% in 2007/08 and 2% in 2008/09.

- 8.2 In 2011/12, HM Government has provided a subsidy to local Councils for the implementation of a Council Tax freeze. Funding will be provided that is the equivalent of a 2.5% increase for Westminster – an amount of £1.2M. Funding to match the future effect of this one year subsidy will be provided through to 2013/14.
- 8.3 On 9 February, the Secretary of State announced the capping powers that will apply for 2011/12. An excessive increase is deemed to apply in certain circumstances, one of which is “the amount calculated by the authority as its Band D Council Tax for 2011/12 is more than 3.5% greater than the same amount calculated for 2010/11”. In Westminster’s case, this 3.5% increase would be equivalent to an increase of £1.7m.
- 8.4 For 2011/12, the matched funding from central Government for a Council Tax freeze means that only an increase in excess of 2.5% would bring additional revenue to Westminster. Assuming a 3.5% increase, the additional revenue from Council Tax would be £1.7M. However, £1.2M of this funding would be provided by Westminster residents in place of HM Government. The net gain to the Council would be only £0.5M for 2011/12, with the additional benefit of the increase in the tax base over the next three years being less than £190K. Given the imposition of additional tax on Westminster residents for limited financial gain to the Council, no increase in Council Tax for 2011/12 is recommended on financial grounds.
- 8.5 However, different considerations apply in 2012/13, when no Government subsidy for a further Council Tax freeze will be available. There are many considerations in determining tax levels. However, given the wider financial climate described in this paper, the recommendation by the Strategic Director of Finance and Performance is that Council Tax should be increased for 2012/13. Whilst capping powers may limit the increase to 3.5%, she considers that given Westminster’s tax base a case may be made for a higher level.
- 8.6 In the longer term, it is expected that capping powers will be replaced by local referendums on tax increases. This should be on the same timescale as the review of local government finance that may make radical changes to the funding for local Councils.
- 8.7 Beyond April 2013, the Council expects to benefit from the introduction of new financing regimes for local government, in particular the localisation of business rates. This would allow the Council to work more closely with businesses to determine appropriate plans to support the wellbeing and growth of the borough.

## **9. Provisions, Contingencies and Earmarked Reserves**

- 9.1 The Council is projecting closing Reserves of £13M as at March 2011. This will vary in line with the scale of expenditure in the final quarter relative to the 2010/11 Budget.



- 9.2 If the overall balanced Budget is achieved, closing Reserves for 2011/12 will remain at £13M and this will improve further to £16M in 2012/13 if the projected surplus of c.£3M is achieved.
- 9.3 In addition to the General Fund Reserves, there are a number of earmarked Reserves which have been established for specific purposes and which will be utilised in the short to medium term. These Reserves can be split into 2 categories. Earmarked Reserves, which can be used to meet short term needs, will stand at £12M at the 31<sup>st</sup> March 2011. Ring-fenced Reserves, which cannot be accessed by the Council other than for specified purposes, amount to £10M on the 31<sup>st</sup> March 2011. Further detail is provided in Schedule 7.
- 9.4 The Reserves positions and the achievement of surpluses in both years are subject to significant risks and are dependent on the accuracy of estimates and assumptions on the delivery of the savings proposals and containment of budget pressures.
- 9.5 Overall, the General and Earmarked Reserves are judged to be inadequate to meet the scale of financial risks that the Council faces, for the reasons set out above.
- 9.6 In previous years Reserves have been supplemented by the availability of a corporate contingency to cover the impact of unforeseen events and financial risks during the year where supplemental estimates may be required. This provision was £5.5M in previous years. In the present economic environment, the responsibility to cover these risks has been passed to Service Areas and there are no corporate provisions.

## **10. Revenue Budget Detailed Analysis**

### **10.1 Background and Context**

10.1.1 Westminster faced a particularly difficult 2010/11 financial year, commencing the year with a £20M “structural deficit” which emerged in mid 2009, primarily due to reductions in commercial income and demographic pressures. At that time a financial strategy was adopted in order to bring costs in line with expenditure limits by identifying savings and making short -term use of Reserves.

10.1.2 The position is substantially more challenging in setting the budgetary framework for 2011/12, with local government facing unprecedented cuts. The pressures faced in 2010/11 continue and are exacerbated by the reductions in local government funding. During summer 2010, the Council embarked on a Fundamental Service Review to examine all its areas of expenditure and identify

areas to drive out costs and build efficiencies in expenditure in order to attempt to mitigate the impending cuts to funding.

10.1.3 To progress its budget preparation, assumptions based on the Comprehensive Spending Review were announced on 20 October 2010. These assumptions were then refined once the LGFS was announced on 13 December 2010, which provided an even less favourable financial position than anticipated.

## **10.2 Forecast Outturn 2010/11**

10.2.1 The approved net Budget totals £235M with a forecast outturn projecting a £14M overspend for 2010/11. This is in addition to the anticipated use of £5M of Reserves in 2010/11 and reduces the Reserves by £19M in the current financial year. The financial position for 2010/11 is summarised in Schedule 5.

10.2.2 During the year there have been significant cost and income pressures due, to amongst others, Adult Services demographic related demands and significant reductions in Parking income.

10.2.3 The pressures in these areas were evident early in the financial year and a corporate “Best Estimate” was established in Period 4 (July) which projected an overall overspend of £14m for the financial year. Service Area. At the time this was substantially lower than Service Areas combined forecast overspend.

10.2.4 Substantial work has been undertaken in-year to improve financial management and the integrity of the management information and subsequently minimise further demands on Reserves. Management review sessions were introduced to identify opportunities to mitigate Service Area overspends.

10.2.5 Although financial management across the organisation has been considerably enhanced during 2010/11, the Chief Executive and Strategic Director of Finance and Performance will be progressing further measures to support and challenge managers in the delivery of the savings programme and overall control of expenditure. With the financial position so constrained, management attention to both large and small aspects of financial control will help to keep the organisation on track in a challenging period.

10.2.6 The greater rigour around financial management and measures adopted, have succeeded in bridging the gap between the Corporate and Service Area projections. Accordingly, the Period 9 outturn shows a projected overspend of £6m at the Service Area level, broadly in line with Period 4 “Best Estimate”. On this basis, the closing Reserves will be approximately £13M as shown in Schedule 7.

10.2.7 However, in reducing the overspends in 2010/11 many of the efficiencies and cost reductions that can be delivered relatively easily and quickly have already been incorporated in the Service Area baselines in 2010/11. This creates greater challenges for the Council in meeting future expenditure cuts.

10.2.8 Based on the latest forecast outturn position for 2011/12, the closing Reserves will be £13M for 2011/12 and £16M for 2012/13. The maintenance of these balances in both years is subject to significant risks and uncertainties.

### **10.3 Impact of the Local Government Finance Settlement (LGFS) on Westminster**

10.3.1 Following the LGFS announcement on 13 December, a provisional Budget was presented to Cabinet on 17 December 2010. At that time the overall Council Funding Gap for 2011/12 was stated as £12.3M 2012/13 indicated an in-year surplus of £5.9M.

10.3.2 The post LGFS funding gap arose from formula funding grant funding (RSG and redistributed NNDR) falling by £23.4M in 2011/12 and by a further £14.2M in 2012/13, after taking into account rolled-in grants. These cuts represent cash reductions in equivalent formula funding of 11.1% and 6.8% over the next two years. In cash terms, the Council will receive £186.6M of formula funding in 2011/12 (an increase of £5.1M or 2.8%) and taking into account a reduction of £895k damping impact. For 2012/13 there will be a reduction of £14.2M or 7.6% from 2011/12, providing £172.3M of general grant funding.

10.3.3 The latest expenditure forecast has identified a balanced budget for 2011/12 and a £3.2M surplus for 2012/13. The improvement in the position for 2011/12 has been largely due to additional net savings proposals of £9M, including some £4M of proposals accelerated from 2012/13.

### **10.4 Specific Grants and Area Based Grants (ABG)**

10.4.1 The overall specific grant position post the LGFS announcement is that Westminster will receive £60.6M in 2011/12 (a reduction of £1.8M or 3% from the 2010/11 cash position) and £57.8M in 2012/13 (a reduction of an additional £2.8m or 5% from 2011/12). Of the 2010/11 ABG, the £9M will cease completely and £21M will roll into formula funding.

10.4.2 Council policy is that specific grant related activity should reduce in line with corresponding reductions in funding, subject to equalities considerations. As a result, Service Areas have been asked to contain expenditure against these reductions throughout the budget setting process.

10.4.3 Overall, the largest reductions in specific grant and ABG have occurred in Children's Services, where they have reduced by £8.8M in 2011/12. In 2012/13 the largest reductions in net specific grants have occurred in Finance and Performance (£2.8M) and Housing (£1.3M).

Service Area	2010/11		2011/12				2012/13			
	Funding		Reductions		Funding		Reductions		Funding	
	ABG £000	Specific Grants £000	ABG* £000	Specific Grants £000	ABG £000	Specific Grants £000	ABG £000	Specific Grants £000	ABG £000	Specific Grants £000
Finance & Performance	1,015	20,538	(1,015)	283	0	20,821	0	(2,821)	0	18,000
Adults Services	5,554	3,806	(589)	60	4,965	3,866	(506)	(129)	4,459	3,737
Childrens Services	6,025	31,501	(4,864)	(3,899)	1,161	27,602	(88)	297	1,073	27,899
Housing	17,052	6,600	(1,826)	1,725	15,226	8,325	(1,156)	(129)	14,070	8,196
City Management	611	0	(611)	0	0	0	0	0	0	0
Corporate	359	0	(359)	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>30,616</b>	<b>62,445</b>	<b>(9,264)</b>	<b>(1,831)</b>	<b>21,352</b>	<b>60,614</b>	<b>(1,750)</b>	<b>(2,782)</b>	<b>19,602</b>	<b>57,832</b>

\* Note: Schedule 3a identifies only the Service Area ABG reductions of £8.9m (excluding Corporate)

## 10.5 Budget Pressures and Savings

10.5.1 In order to close the overall Council funding gap of c.£10m for 11/12, Service Areas have identified net savings of £30M, comprised of £31m of budget pressures and £61M of savings. For 2012/13, £7M of budget pressures has been identified mitigated against £23m of savings, providing a net savings position of £16M. Total budget pressures and savings are shown in Schedule by Cabinet portfolio, with the net position shown in Schedule 5.

10.5.2 The main budget pressures identified are:

- Inflation of £10.6M over 2 years;
- Demographic growth in Adults and Children's Services of £2.1M in 2011/12 and £1.3M in 2012/13: a combined pressure of £3.4M over 2 years;
- Concessionary Fares increase of £3.3M in 2011/12;
- Reduction in rental income from City of Westminster College of £2M in 2011/12.

10.5.3 The major savings items proposed are as follows:

- Efficiency savings of £8.6M in 2011/12 and £3.5M in 2012/13;
- Income generating activities of £5.8M in 2011/12;
- Reductions in Supporting People activity and improved management of temporary accommodation of £3.5M in 2011/12;
- Contract savings of £0.9M across both years.

## **10.6 Dedicated Schools Grant (DSG)**

10.6.1 Schools have been funded primarily via the ring-fenced DSG since 1 April 2006 and unless the Council chooses to top up this grant it is no longer intended that Council Tax income should be used to fund schools related expenditure (apart from Capital financing). From 1 April 2011 most of the schools specific grant allocations are being merged into the DSG.

10.6.2 Westminster's confirmed DSG per pupil allocation for 2011/12 is £6,897 which includes the merged specific grant allocations. This 0% increase has matched the national average rise of 0%.

10.6.3 The indicative total DSG allocation for Westminster (using 2010/11 pupil numbers) for 2011/12 is £114.6M. This increase implies no changes to the anticipated numbers of pupils and excludes any academies.

## **11. Housing Finance**

### **11.1. Housing Revenue Account (HRA)**

11.1.1 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. It accounts for the management and maintenance of 12,300 units of social housing within Westminster. The Council's Arms Length Management Organisation (ALMO), CityWest Homes (CWH), undertakes the housing management function on behalf of the Council and has responsibility for the Asset Management Strategy and delegated Capital Programme. The HRA itself is required to be set a balanced budget and must not go into deficit. The Government control rent levels and rent increases through the HRA subsidy system.

11.1.2 The Council has undertaken a Fundamental Service Review into the HRA and its sustainability over the next 15 years. As a result of this the Council is making cost reductions in the HRA which will deliver Revenue savings of £6M a year by 2015/16. It is also reviewing its asset management strategy in light of the new freedoms and responsibilities entailed by self financing. CityWest Homes has now presented both indicative three year Revenue and five year Capital investment plans to the Council which reflects these changes and provide for a sustainable HRA over the next 15 years.

11.1.3 The Government has announced the abolition of the existing national system of housing funding and its replacement with locally managed self financing HRAs. The new system is scheduled to become a reality in April 2012 and the legislation to enable this is contained in the Localism Bill. In 2011/12 it is estimated that Westminster will lose £7.3M of housing subsidy and go from being

a net recipient to paying into the national account. As part of the change, Westminster will need to take on around £51M of debt, but will in return get to keep all future rental income.

11.1.4 As proposals for the restructuring of the HRA system has just been announced, it is not clear at this stage what the wider implications of these policy changes are and more detail will be needed. As and when there is further clarity on the restructuring proposals. The Council will need to consider borrowing proposals in relation to the HRA restructuring.

## **11.2 Changes in Housing Benefit support for the Private Sector**

11.2.1 The Government has announced fundamental structural reform of housing benefit support for households and individuals in the private sector. This reform which is transitional and staggered for existing claimants over 2011/12, comes into effect immediately for new claimants. It will limit the housing benefit entitlement to nationally approved levels. It is estimated that around 5,500 households will be adversely affected by this change, and that it will lead to an annual reduction in housing benefit payments of around £8M for Westminster residents.

11.2.3 Last year the Government also imposed late changes in the maximum rent that could be charged for Temporary Accommodation (TA), limiting it to £500 per week, after the Council had approved its budget proposals for 2010/11. In line with the Government's intended changes in the private sector, the rates for TA are to be fixed for the next two years at the rates applicable for 2011/12. In setting TA charges the basis is now 90% of the Local Housing Allowance (LHA) rate applicable for the size and location of the property + £40 towards the Councils cost of management. Appendix 9 highlights the proposed changes the Council wishes to establish. The recommendations form part of the Council Tax resolution.

## **12. Capital Programme**

12.1 The Capital Programme is set over a five year planning period, to reflect its long term nature. The 2010/2015 Capital Programme approved by Cabinet, and then Council in March 2010, was amended in August 2010. This change, which reduced spending by some 30%, was due to falling levels of capital receipts and pressure on interest rates.

12.2 The capital programme funding policy is that expenditure will be financed over the planning period by capital receipts. Due to economic conditions, capital expenditure has exceeded capital receipts over the past three years by £135M. This expenditure has been funded in the medium-term through the use of

“internal borrowings” pending further capital receipts. Cash balances are now at a level where the imbalance between capital receipts and expenditure in the 2010/11 programme will need to be funded from external sources to be sustainable.

12.3 In setting the 2011-2016 Capital Programme, Cabinet Members have re-considered their Capital plans and an adjusted programme limit showing a £20M reduction in expenditure over the next four years is summarised in the Tables in Schedule 8. The revised Capital Programme approved in August 2010 has been amended to reflect the financial strategy outlined above in section 7, specifically to create c. £20M of headroom for capitalisation and change costs within the August 2010 Capital financing control totals.

12.4 The scheme level changes to achieve this reduction will be determined by the end of March 2011. This will allow planning decisions to take into account:

- Slippage in 2010/11, capital plans are expected to be in the range of £4-8M of the £50M budget.
- Reprioritisation of individual schemes, reflecting the financial outlook and strategy for the Council.

12.5 It is likely that, to meet the revised capital expenditure limit, some or all of the following schemes will be amended:

- Delivering savings of £6M on Council House in 2012/13
- A reduction of £2M on the Schools programme in 2012/13 from £5.5M to £3.5M.
- A reduction of £1.4M in Road Management on the neat street, strengthening footways, and damaged paving programmes.
- Re-phasing of large planning and road management projects totalling £5.7M to future years. These schemes include Leicester Square, Piccadilly 2 Way, Exhibition Road, Westminster Abbey, Cathedral Piazza, South Molton Street, Berwick Street, Queensway/Westbourne Grove. In particular:
  - Leicester Square – This project is committed and under construction. The option is for the booth to be deferred until 2013/14 onwards.
  - Piccadilly 2-Way Area Based Scheme - This project is committed and under construction. The option is for the Haymarket work to be deferred until 2013/14 onwards.
  - Exhibition Road - This project is committed and under construction but the timing may be subjected to review.

## **Governance Arrangements**

- 12.6 The Capital Programme has been under increased scrutiny with reducing funding levels. Given the need to use Capital expenditure controls to support the delivery of the Council's financial strategy as set out in Section 7, a Governance group of Officers and Members will be constituted to manage capital expenditure. It will meet quarterly, chaired by the Leader or Cabinet member for Finance and Resources.
- 12.7 The Governance group will initially ensure that a re-prioritised programme confirming a c. £20M saving is approved and then review progress to ensure that spending plans remain in line with corporate priorities. The revised baseline reduction of £20M, from £172M down to £152M will be allocated to Services Areas by this Group.
- 12.8 The HRA Capital Programme is included in Schedule 8. This ring-fenced programme of £30M a year is funded through leaseholder contributions, rents, and HRA Reserves. It is separate from the General Fund Capital Programme.

## **13. Levies**

- 13.1 The Council receives levies issued by certain bodies under statutory powers and as such have to be taken as a charge. The four bodies which make such a levy are: the Environment Agency; The Lee Valley Regional Park Authority; The London Pension Fund Authority (LPFA); and the Montpelier Square Garden Committee. Overall, the 2011/12 charge to the Council for levies is £2.540M – a £106K reduction on the 2010/11 total of £2.646M. A summary of levies is set out in Schedule 4.
- 13.2 The Environment Agency is responsible for managing flood defence measures and land drainage across England. The Thames Area Committee provided an estimate of the 2011/12 levy to be £255,706 – an increase of £2,031 (0.8) over the 2010/11 levy of £257,737. We are still awaiting final confirmation of the amount of the levy.
- 13.3 The Lee Valley Regional Park Authority manage around 10,000 acres of land from Ware to the London Basin running through the Lee Valley to provide environmental and leisure facilities. The Levy for 2011/12 has been set at £384,111 – a reduction of £11,234 (2.8%) over the 2010/11 levy of £395,345. We are still awaiting final confirmation of the amount of the levy.
- 13.4 The LPFA administer the costs of premature retirement compensation arising from the former employees of the GLC; ILEA; and the LRB in so far as they relate to functions that transferred to London Boroughs on the abolition of those



bodies. The 2011/12 levy for Westminster Council has been estimated at £1,900,375 – a decrease of £92,369 (4.6%) over the 2010/11 levy of £1,992,744.

- 13.5 The Montpelier Square Garden Committee charges its local residents an amount to pay for the running costs of the garden Square. It does this by charging a levy to the Council which is in turn passed to the relevant residents by way of an additional charge on their Council Tax demand. For 2011/12 the charge remains unaltered from the 2010/11 amount of £35,000.

#### **14. Greater London Authority Precept**

- 14.1 The Greater London Authority (GLA) makes a Council Tax charge on London residents, although unlike other local authorities does not administer the collection of that charge itself but makes a precept charge on the bills of the London Boroughs.
- 14.2 The Mayor's draft budget proposes that the average Band D precept amount remain unchanged at the 2010/11 amount of £309.82. The total collectable from Westminster taxpayers increases marginally because of the increase in the tax-base rising from £40.144M to £40.254M.
- 14.3 The Assembly does not meet to finally approve the budget until the 23rd of February. As a consequence, any changes to the budget or precept will be notified to the Full Council meeting on the 2nd of March.

#### **15. Consultation**

##### **15.1 Consultation with the community and stakeholders**

- 15.1.1 In November 2010 the Council published the 'Living City in Tough Times' paper setting out the direction of travel for the Council including its high-level priorities. The proposals within the "Living City in Tough Times" paper were published for residents and businesses to consider and respond to. The paper asked the following questions:

- *Do you agree with the focus and priorities of our work over the next few years?*
- *Do you agree with the main service proposals? Where would you choose to reduce costs? Would you be happy to pay for services in the future? If so, which ones?*
- *Do you support Westminster's approach to the Big Society? What could you or your organisation contribute to these policies?*
- *[Innovation]: Can you or your organisation assist us in achieving these aims by making the case to Government?*

- *[Portfolio by portfolio principles]: Do these proposals meet your needs as a citizen, business or organisation? How would you change them? What risks or opportunities do you see in our proposed approach?*

15.1.2 Four out of five of Westminster's Business Improvement Districts (BIDs) responded to the consultation. There were a number of concerns about how the Council's proposals could impact upon baseline agreements with the Council. However, there was also enthusiasm and a willingness to explore with the Council alternative ways that BIDs could play a greater role in managing the public realm and shaping the delivery of services. Street cleansing was highlighted as a key priority for BIDs.

15.1.3 There were a number of concerns raised by the small number of arts groups that responded to the consultation over the potential for cuts although it was difficult to comment further without the full facts. It was felt that the use of volunteers would be increasingly important in this area.

15.1.4 In general, there was a willingness to assist the Council in making its case to Government where appropriate. There was also support, albeit caveated, for the principle of increasing charges for certain services in certain circumstances. Overall, there was an understanding of the Council's position, the challenges it faces, and general agreement that the Council's priorities as set out in the document were correct. A summary of the responses to these questions is provided in Annex A.

15.1.5 Following the publication of the council's draft Budget on 17<sup>th</sup> December 2010 Westminster City Council commenced an extensive consultation exercise.

- Cabinet Members wrote to a range of key partners and interested parties within their portfolio areas. In total, around 70 stakeholders were directly contacted including residents associations, amenity societies, schools, the voluntary sector and other community groups.
- Subsequent meetings were conducted throughout January and February 2011.
- In addition, the council has used a wide range of other methods and channels to consult on the terms of the draft budget.
- A press release was issued to the Evening Standard (circulation 700,000) with subsequent coverage featuring on 22<sup>nd</sup> December. The release was then issued to numerous trade press publications and the three local papers in Westminster, the West End Extra, Wood and Vale and the Westminster Chronicle, all of whom covered the story. The story also ran as a news item on ITV London evening news the day before on 21 December (viewing figures around 400,000).

- In addition, a double page spread on the draft budget was included in the December edition of Westminster City Council's magazine 'The Reporter'. The magazine is delivered to 125,000 residents.
- The proposed budget was also included as an item for debate during the latest round of Area Forums with either a Cabinet Member or senior officer present to introduce the item and lead the subsequent discussion.
- Westminster has also undertaken an extensive consultation with the City's business community and sent details of the budget to 70 businesses across the City.

15.1.6 On individual service proposals Cabinet Members and Strategic Directors have been consulting stakeholders on the draft options.

## **15.2 Consultation with Staff and Staff representatives**

15.2.1 The Chief Executive and Strategic Directors were authorised to continue consultation with Trade Unions and staff on the implications of the budget reductions outlined in the draft Budget and take all other preliminary action necessary to ensure the full year savings expected to be required and to be detailed in the Council's 2011/12 Budget are achieved.

15.2.2 Since October the CEX and Director of HR have been in monthly discussions with staff representatives. They have been kept fully briefed of the developing financial situation throughout this period beginning with early discussion even before the actual position was known. Individual unions have also had early sight of draft documents to aid their input and to ensure they can make credible contributions to the discussions and ultimate decision making process.

15.2.3 The BIS report has been submitted to government on the 30<sup>th</sup> December 2010. This confirmed that there would be 201 redundancies from Westminster City Council. This report also outlined the nature of the roles likely to be affected. A period of formal consultation with all unions has begun. Copies of the BIS report has been circulated to all unions and two consultation meetings have already taken place. In accordance with the legislation these redundancies will be actioned 90 days after the commencement of consultation. It is expected we will issue notices of redundancy to these staff on the 30<sup>th</sup> March 2010.

## **15.3 The Scrutiny Process**

15.3.1 The Westminster Commission agreed at its meeting held on the 3 July 2007 to set up a Budget and Performance Task Group as a Standing Task 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.*

- *To consider any issues arising from performance monitoring reports referred to it by the Audit and Performance Committee for scrutiny and to submit recommendations/comments thereon to the relevant Cabinet Member(s) and or Chief Officer(s)”.*

15.3.2 These terms of reference were agreed by the current Budget and Performance Task Group at their First Meeting on 20<sup>th</sup> January 2011.

15.3.3 The Budget and Performance Task Group reports to the Finance and Resources Policy and Scrutiny Committee. In respect of the 2011/12 and 2012/13 budget preparations, the group's work fed into Cabinet discussions. Cabinet must take into account any views from the 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.

15.3.4 The first meeting established the group's membership, the programme of work and corresponding timetable and looked at the provisional budget cabinet report of 17<sup>th</sup> December 2010. Officers presented an overview of the budget assumptions which had been used, and provided an update on current risks and implementation plans for delivering the budget. There were detailed discussions on inflation, the cost of change/ redundancy, contingencies, council tax, commercial income, capitalisation, the shared services agenda, reserves levels and charging freedoms.

15.3.5 The first of the themed meetings looked at all the central/ corporate functions including Finance and Performance, Resources, Housing, Communications and Strategy and Legal & Committee Services. Each Chief Officer went through their presentations, highlighting the key areas of risk, how they would meet the budget challenge, and what impact would be felt on the services delivered.

15.3.6 Further meetings have taken place to scrutinise the Budget in Children's, Adults and Community Services and City Management and Built Environment.

15.3.7 In their final meeting of the whole task group Members discussed and agreed the recommendations from the working groups. Task group meeting notes are included as Appendix D.

15.3.8 On 21<sup>st</sup> February 2011 the Task Group recommendations will be presented to Cabinet for consideration. Cllr Havery, the Chair of the Finance and Resources Policy and Scrutiny Committee will attend to present the report.

## **16. Legal implications**

- 16.1 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.
- 16.2 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. 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.
- 16.3 The Local Government Act 2003 imposes a duty on the Strategic Director of Finance and Performance, as the City Council's Section 151 officer, to report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed reserves. Her report is set out at paragraph 8.4 above and the Council has a statutory duty under the 2003 Act to have regard to the report when taking its decision.
- 16.4 Section 28 of the Local Government Act 2003 imposes a duty on the Council to monitor its expenditure and income from time to time throughout the financial year, and to take such action as it considers necessary if the budgetary situation deteriorates. The estimates involve a number of assumptions, including in particular assumptions about the deliverability of savings proposals, and the availability of a capitalisation direction. If or to the extent that these assumptions do not prove to be well-founded, the duty under Section 28 may involve a need to take further decisions to reduce spending in year, or to increase income, or to make further use of reserves.
- 16.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Section 151 officer that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the section 151 officer has a duty to make a report to the Council. The report must be sent to the Council's external Auditor and every member of the Council and the Council must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. In the intervening

period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the section 151 officer. Failure to take appropriate action in response to such a report may lead to the intervention of the Council's Auditor.

- 16.6 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 may be required.
- 16.7 Apart from statutory duties relating to specific proposals the Council must consider its obligations under the Equality Act. This is addressed in Section 17 below. In developing 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.
- 16.8 Section 106 of the Local Government Finance Act 1992, applies to Members where –
- (a) 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
  - (b) 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.

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. Equalities implications**

- 17.1 Under Equality legislation the Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality with regard to race, disability and gender (including gender reassignment) as well as to promote good race relations.

- 17.2 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. Officers have undertaken impact assessments in respect of the budget proposals that have an impact on service delivery setting out implications in relation to equality groups. Members should consider the impact of changes on different equality groups when making their decision to meet the duty.
- 17.3 The Equality Act 2010 introduces a new public sector duty which extends this coverage to age, sexual orientation, pregnancy and maternity, and religion or belief. Whilst this duty does not come into effect in April 2011 officers have set out the potential impact in relation to these characteristics.
- 17.4 It is likely that some of the changes that the Council plans to implement will require further consultation and assessment and this may subsequently require a change to the proposal. Strategic Directors will offer further recommendations as part of any future decision making process.
- 17.5 An Equality Impact Assessment on the budget proposals is set out in Annex B. . A number of proposals are shown to have a positive impact. The key proposals where there might potentially be a negative impact on equality groups are shown below. However, it should be noted that it is difficult at this stage in the process to assess the actual impact of proposed changes and this will require on-going assessment and development of mitigating actions.
- 17.6 The budget proposals have the potential to have an impact on disabled people. This is as a result of the cumulative effect of proposals in Adult Services and Children's Services. Key proposals leading to the impact are changes to the eligibility threshold for social care services; reductions in expenditure in day care; other related adult social care proposals; reductions to Special Educational Needs transport services and Children in Need services. The budget proposals concerning changes to the eligibility threshold for social care services also have the potential to have an impact on older people. While carers are not a specific equality group, they will also experience an impact as a result of these proposals.
- 17.7 There are a small number of proposals that have an impact on race because people who identify as Black & Minority ethnic (BME) make-up the majority of services users where changes are planned, for example the introduction of charges for furniture storage for households in temporary accommodation. However the nature of the proposals combined with the small number should mean that the overall impact is minimal. There is the potential for an impact on

race because of the change from grants to the voluntary sector to the commissioning of services, as some organisations that support BME communities may no longer be supported under a commissioning approach. Implementation will be closely monitored to help ensure that any impact is minimised as much as possible.

17.8 There may be an impact on women as a result of reductions in play services, day care for children and other youth and young people's activities, which is likely to increase caring responsibilities which women are more likely to undertake.

17.9 The impact on religion or belief and sexual orientation is negligible.

17.10 The impact on the council's workforce is being assessed as part of the HR transition processes.

## **Schedules**

- 1 Sources of Funding
- 2 Service Expenditure Plans
- 3 List of Savings Proposals
- 4 Levies and Precepts
- 5a Net Budget by Cabinet Member
- 5b Net Budget by SEB Member
- 6 The council tax requirement
- 7 Forecast Reserves and Balances
- 8 The Capital Programme
- 9 Housing Revenue Account

## **Annexes**

- A Summary of "Living City in Tough Times" consultation responses
- B Equalities Impact Assessment
- C Budget and Performance Task Group meeting notes
- D Council Tax resolution



## **Background Papers**

Budget and Council Tax Report 2009/10 22<sup>nd</sup> February 2010

Council Meeting and Agenda of 3<sup>rd</sup> March 2010

Report to Cabinet Financial Strategy Update 28<sup>th</sup> June 2010

Report to Cabinet Urgency Committee on Revised Capital Programme on 19<sup>th</sup> August 2010

Report to Cabinet paper of 17<sup>th</sup> December 2010

Report to Cabinet paper of 17<sup>th</sup> January 2011

Report on Reserves Policy to Audit and Performance Committee on 8<sup>th</sup> of February 2011

**If you have any queries about this report or wish to inspect any of the background papers, please contact: Robyn Fairman on 0207 641 2361 or at [rfairman@westminster.gov.uk](mailto:rfairman@westminster.gov.uk).**



## Annex A: Summary of “Living City in Tough Times” consultation responses

### Responses to “A Living City in Tough Times” consultation paper, published on 5<sup>th</sup> November 2010

There were a total of 14 responses to Westminster City Council’s consultation process.

Arts Body/Organisation	1 (two separate responses)
Resident/Residents Association	2
Housing Association	1
Developer	3
Business Improvement Districts	4
N/A	3

#### ***Q1, ‘Do you agree with the focus and priorities of our work over the next few years?’***

- **Stewart Millman** (resident) is not sure what personalised social care actually is and also argues that in a ‘crowded, business intensive city’ like Westminster regular refuse collection is essential.
- **Iain Herbertson** (N/A) asks where merged back office services will be based and suggests partnering a northern city where labour costs would be lower. He also asks how performance in Shared Service Centres would be benchmarked.
- **Mary-Alice Stack** (Westminster Arts) would like to know the effect a WCC merger would have on local arts provision and would welcome a discussion on how Westminster Arts could expand its remit to include a wider area.
- **Paddington Waterside Partnership** (PWP) supports the focus for preparing the city for the Olympics and argues there should be a focus on Paddington since much of the Games traffic will pass through the area from Heathrow. They would like to see more support for jobseekers and school leavers in section 4.4.3.
- **Bayswater BID** argues that WCC’s approach ‘nullifies the value of having a service level agreement in the first instance’ but recognises cuts have to be made. It argues BIDs are ‘additionality’ and should not be expected to fill a vacuum left by spending cuts. It sees BIDs as vehicles of the localism agenda. It welcomes the prioritisation of street cleansing and would like to see a continued focus on this. It understands schools, social services and housing must have a high priority but argues that enforcement, street cleansing and the public realm are all ‘key’ to the ongoing success of a given area.

#### ***Q2, ‘Do you agree with the main service proposals? Where would you choose to reduce costs? Would you be happy to pay for services in the future? If so, which ones?’***

- **Stewart Millman** (resident) is not sure that family members will be able to fill the gap left by a reduction in social care. He does agree that the use of agency staff from outside the city is not ideal and asks of the feasibility of using locally based staff instead. He would not reduce funding for planning and says that charges should be put up if necessary.
- **Iain Herbertson** (N/A) asks how WCC intends to make Planning self-funding whilst ensuring it is affordable to private residents. He also asks how much support is given to Sports, given WCC's desire that it should be self funded.
- **John Walton** (Paddington Residents Active Concern on Transport) is against reduction in development and conservation activity and notes expenditure on planning is below that of other areas.
- **Mary-Alice Stack** (Westminster Arts) is generally supportive but is concerned at the lack of detail on proposed spending cuts. She supports WCC's approach to include local residents and businesses in the future of certain services and the principle of mergers to save on costs. She says it is hard to decide where to reduce costs without more detailed information.
- **PWP** is concerned about the reference to reducing economic development activity whilst having economic growth as a priority. They are prepared to pay for planning services but expect an 'exemplar' level of service in return. They would like to know more about the activity of WESTCO.
- **Soho Housing Association** (SHA) expresses concern over planning proposals, saying reduction in staff could have a negative impact in the long term.
- **Paddington BID** supports PWP's submission, emphasising the importance of cleansing and preparing the city for the Olympics. It is supportive of more business rate income as long as it is spent locally and is focused on local businesses and services. It would like businesses to be directly consulted on changes to parking policy.
- **Vivien Conrad** (N/A) feels personal budgets for adult social care are unrealistic, with no guarantee on how the funds are spent. She suggests the provision of mobile WCC services. She feels that on planning policy too much is left to individual officers resulting in inconsistent decisions.
- **Victoria BID** would welcome a review of its Baseline Agreement and the opportunity to work in partnership with WCC to develop a wider economic development role. It wishes to see the same level of street cleansing maintained.

***Q3, 'Do you support Westminster's approach to the Big Society? What could you or your organisation contribute to these policies?'***

- **Stewart Millman** (resident) says he would be happy to help but is uncertain of how to go about doing so.
- **Iain Herbertson** (N/A) is a trustee for Reach Skilled Volunteers which matches skilled volunteers with opportunities and is broadly receptive to supporting WCCs approach to the Big Society.

- **Mary-Alice Stack** (Westminster Arts) notes the high number of volunteers her organisation has, and suggests its work be linked to Neighbourhood Budgets to involve more areas of the community.
- **PWP** supports WCCs approach and would like to maximise its current activity in this area. It notes that brokering volunteer opportunities requires facilitation between the individual and the organisation and calls on WCC to assume a leadership role. PWP is prepared to expand its existing brokerage role. It would like to see more business support for jobseekers. They would also like to see a simplified procurement structure, especially in relation to S106 so small and medium businesses receive payment more quickly.
- **SHA** says the approach is 'likely to work as any' and says it supports the expectation that people should assume more responsibility for their local community.

***Q4, Innovation 'Can you or your organisation assist us in achieving these aims by making the case to government?'***

- **John Walton** (PRACT) says local organisations would be willing to help but are dependent on WCC for information.
- **Mary-Alice Stack** (Westminster Arts) agrees and reiterates the suggestion that Westminster Arts could expand its remit to include K&C and H&F.
- **PWP** would welcome a discussion on how it can expand its existing work on the Westminster Child Poverty Pilot. It would also like to provide more support on the retention of local business rates.
- **SHA** would be happy to assist but feels that there need to be an appreciation of the variation between areas of the city. A 'one size fits all' approach would risk 'disfranchising many.'
- **Vivien Conrad** (N/A) supports the principle of shared services.

***Q5, Portfolio by portfolio principles – 'Do these proposals meet your needs as a citizen, business or organisation? How would you change them? What risks or opportunities do you see in our proposed approach?'***

- **Westminster Arts** is 'very concerned' that under section five of Ideas for Change that there is no mention of the Arts under Library, Sports and Cultural Services and also noted there is no figure in the net spending column. They argue the net benefit of the Arts outweighs its cost, and that it generates opportunities in the voluntary and community sector. It will also contribute to 'mobilising and enabling all our communities' to be part of the Cultural Olympiad.
- **Stewart Millman** (resident) agrees that the proposals meet his needs as a citizen.
- **Iain Robertson** (N/A) expresses concern that merged services would risk poor implementation since there would be potentially no connection or commitment to the customer.

- **John Walton** (PRACT) notes that Built Environment is dependent on experienced staff and should not have funding slashed. On Parking and Transportation he remarks this part of the paper is 'inadequate', saying there is more to parking and transportation than parking policy. He says the scope for reducing costs whilst maintaining safety must be very low.
- **Sara Bramah** (N/A) calls for a reduction in planning regulations and staff as well as a reduction in affordable housing and a focus instead on maintaining existing housing. She would not reduce Children's Services and would protect those at the expense of Adult Services.
- **Mary-Alice Stack** (Westminster Arts) focuses on Community Services and Business, Enterprise & Skills. She believes WCC needs to be more proactive in offering practical support and guidance to the voluntary sector organisations that are at greatest risk of funding cuts. She suggests WCC provides office space for small organisations that may benefit from being based 'under one roof'. She notes the risk of decisions being made by WCC without a full understanding of the impact these will have on the local area and hopes that local organisations and residents will continue to be involved at every stage of the process.
- **PWP** does not want to see a reduction in street cleansing. It welcomes WCC's policy led approach to planning and expresses concern that this will be undermined if the localism agenda is pursued too literally. It also feels that its work with local schools is undermined with too few being 'business facing'. It would welcome a role on brokering volunteer services. PWP would like to discuss how BIDs can benefit the wider community.
- **European Land** calls for continued funding of the current planning system, saying personalised guidance from individual officers has been invaluable in the complex development of Merchant Square Paddington. It welcomes a reduction in bureaucracy but calls for a commitment to a level of sufficient human resource to guarantee the current level of service.

## **Appendix B – Equality Impact Assessment Budget 2011-12**

### **1. Introduction**

1.1 This Equality Impact Assessment (EIA) has been completed on the Budget proposals listed in Schedule X of the Cabinet Report where they will affect front-line service deliveries. It identifies the impact of each Budget proposal on protected equality groups and assesses the overall impact in different service areas for example, Adult Services. It also assesses the overall impact of all the Budget proposals on protected equality groups.

### **2. Legal Duties**

2.1 Under the Equality Act 2010, in making its decisions about the Budget, the Cabinet must give 'due regard to the need to:

1. Eliminate discrimination, harassment, victimisation and any other prohibited conduct.
2. Advance equality of opportunity (remove or minimise disadvantage; meet people's needs; take account of disabilities; encourage participation in public life).
3. Foster good relations between people (tackle prejudice and promote understanding).'

2.2 'Due Regard' means that proper attention should be given to the proposals in relation to how they affect different groups (i.e the Protected Characteristics). The protected characteristics are:

- Age (Applies to people over the age of 18)
- Disability (A person has a disability if s/he has, or has had, a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities).
- Gender reassignment (A person who is proposing to undergo, is undergoing or has undergone gender reassignment)
- Marriage and civil partnership (only applies to the duty to eliminate discrimination).
- Pregnancy and maternity
- Race (A person's colour, nationality, ethnic or national origin. Includes Irish Travellers and Romany Gypsies)
- Religion and belief (Religious and philosophical beliefs including lack of belief)
- Sex (a man or a woman)
- Sexual orientation

2.3 In carrying out public functions the Council must also comply with the *Human Rights Act 1998*.

### 3. Baseline evidence – Westminster’s Population

3.1 Westminster has an estimated population of 249,400.

#### 3.2 Age & Sex

Ages	Persons	Males	Females
All Ages	249.4	125.9	123.6
5-9	9.8	5.0	4.8
10-14	8.0	4.0	4.0
15-19	10.5	5.4	5.1
20-29	57.7	27.5	30.2
30-39	58.2	31.6	26.5
40-49	33.9	18.2	15.6
50-59	21.9	10.8	11.1
60-64	10.6	5.1	5.5
65-79	18.8	8.6	10.2
80+	7.7	3.3	4.4

Source: Mid Year Estimates 2009, Office for National Statistics (ONS)

Westminster has a higher proportion of working-age residents, and a lower proportion of younger and older residents than the London average. There is no information available on the number of persons proposing to undergo, is undergoing or has undergone gender reassignment.

#### 3.3 Disability

	Number	%
Limiting long-term illness	25,835	10.36
Not Good Health - Total	14,980	6.01

Source: Census 2001, Office for National Statistics (ONS)

The information collected in the census on limiting long-term illness does not equate to the definition of disability in the Equality Act 2010. However, it is the best indicator of the number of disabled persons in Westminster.



### 3.4 Marriage & Civil Partnership

Weddings and Civil Ceremonies in Westminster 2009-10

	Total weddings	Female Civil Partnerships	Male Civil Partnerships	Total Civil Partnerships
Total	1847	58	175	233

Source: Westminster Register Office, 2010

### 3.5 Pregnancy & Maternity

Live births by local authority of usual residence of mother, numbers, General Fertility Rates and Total Fertility Rates, 2009

	Live births	General Fertility Rates <sup>1</sup>	Total Fertility Rates <sup>2</sup>
<b>Number</b>	2,998	42.6	1.16

Source: Office for National Statistics (ONS)

- 1 The General Fertility Rate (GFR) is the number of live births per 1,000 women aged 15-44. The GFRs have been calculated using the 2009 mid-year population estimates.
- 2 The Total Fertility Rate (TFR) is the average number of live children that a group of women would bear if they experienced the age-specific fertility rates of the calendar year in question throughout their childbearing lifespan.

### 3.6 Race

Estimated resident population by ethnic group, mid-2007 (experimental statistics)

Ethnicity	Total		
	All	Male	Female
All Groups	234.1	117.2	116.9
White: British	115.7	59.0	56.7
White: Irish	6.1	2.8	3.3
White: Other White	43.5	21.4	22.1
Mixed: White and Black Caribbean	1.8	0.8	0.9
Mixed: White and Black African	1.5	0.7	0.8
Mixed: White and Asian	3.7	1.9	1.8
Mixed: Other Mixed	3.4	1.7	1.7
Asian or Asian British: Indian	12.7	6.4	6.1
Asian or Asian British: Pakistani	3.8	1.9	1.7
Asian or Asian British: Bangladeshi	5.2	2.6	2.6
Asian or Asian British: Other Asian	4.8	2.5	2.2
Black or Black British: Black Caribbean	5.5	2.4	3.2
Black or Black British: Black African	7.5	3.7	3.8
Black or Black British: Other Black	1.6	0.7	0.9
Chinese or Other Ethnic Group: Chinese	7.8	3.8	4.0
Chinese or Other Ethnic Group: Other	9.6	4.5	5.0

Source: Mid Year Estimates 2007, Office for National Statistics (ONS)

### 3.7 Religion or belief

	<b>Total</b>	<b>% of total Population</b>
Christian	99,797	55
Buddhist	2,392	1.3
Hindu	3,497	1.9
Jewish	7,732	4.3
Muslim	21,346	12
Sikh	400	0.2
Any other religion	945	0.5
No religion	29,300	16
Religion not stated	15,877	8.8

Source: Census 2001, Office for National Statistics (ONS)

### 3.8 Sexual orientation

It is difficult to estimate the size of the LGBT population. Sigma research carried out a needs assessment of LGBT people in Lambeth, and estimated the size of the population to be 5% (Keogh et al, 2006). This took into account a national survey which found that 3.9% of women and 5.5% of men aged 16-44 and living in London had had a same gender sex partner in the previous 5 years. Other studies have found that the population proportion in inner London is higher than that of London in general (estimated at 7% on the City Parochial Foundation Website) a greater representation than the UK as a whole. This and the presence of the scene in Soho suggest that in Westminster the consideration of the needs of LGBT people should be greater than in the rest of the UK. Using the 5% estimate and applying this to the population over 15 years old in Westminster, suggests that 10,165 LGBT people live in Westminster. This is a conservative estimate and does not consider the large LGBT population who work or visit the City.

## Equality Analysis – Budget Proposals

Equality Impact Assessments have been completed on budget proposals where front-line service delivery will be affected. Human Resources is completing an Equality Impact Assessment on the impact of redundancies, as is standard procedure for each phase of the transformation. Most budget proposals that concern redundancies will be assessed in Phase 5 of the transition. Further equality analysis and consultation will be undertaken for many of the proposals as they move through to implementation.

### 1. Adult Services

Budget proposal	Impact	Mitigating action
<p>Raising the eligibility threshold for social care services to 'substantial'.</p>	<p>Some people will lose their existing service following a reassessment of their needs. There are c. 3,000 existing service users with 'moderate' needs; this is divided into c.2, 150 older or disabled people; 630 people with a mental health need; 160 people with a learning disability and 54 other vulnerable adults.</p> <p>The majority of people supported with social care are aged 75 and over (the majority of whom are female), this age group will therefore be most negatively affected by the change.</p> <p>People with a learning disability may be less adversely affected in terms of the proportion of people in this group losing a service, than in other groups.</p> <p>People with mental health needs may be more socially isolated and less able to access informal support networks than other groups.</p> <p>Applying the new threshold to new referrals of older or disabled people would mean that in future only c 30 qualify for support compared to c.80 against the previous threshold.</p> <p>Likely increase in the reliance on support of informal carers where people fall below the new threshold.</p> <p>Overall the ethnic composition of people supported with</p>	<p>All existing service users whose needs were last assessed as moderate will receive an individual reassessment of their needs. If their needs have increased to the new threshold they will be given a personal budget to purchase ongoing care; this will enable more choice and control for individuals in arranging services to meet any gender, faith, ethnic and disability needs they may have. If their needs however remain below the new threshold they will have services withdrawn.</p> <p>Some people will lose their current service provision following a re-assessment of their needs, but the Council will meet the disability equality duty through implementing the national FACS criteria fairly. Preventive offer to help people maintain their independence includes:</p> <ul style="list-style-type: none"> <li>• Clear, accessible and personalised information and advice and signposting to universal, voluntary sector services and preventive services.</li> <li>• Maintain preventative services which people can access to help retain independence.</li> <li>• Assist individuals who are more socially isolated and less able to access informal support networks (e.g. people with MH needs, LGBT community).</li> </ul>

Budget proposal	Impact	Mitigating action
	<p>social care closely matches the proportion of people from BME communities living in the City. However, the change may increase reliance on communities, religious groups etc to help support people with lower care needs. Lesbian, gay, bisexual and transgendered people (LGBT) may be more socially isolated and less able to access informal support networks than other groups.</p>	<ul style="list-style-type: none"> <li>• Information availability about carers services; significantly improve performance in completing carers individual assessments</li> <li>• Ensure that targets for completing carers assessments are met.</li> <li>• Community alarms and equipment, how to access and arrange</li> <li>• Short term intensive reablement therapy packages will be available to those who would benefit.</li> <li>• Ensuring accessibility and responsiveness of universal services</li> <li>• Promote information and services available to different ethnic community groups, religious groups and forums</li> </ul> <p>The impact of the raised eligibility threshold will be closely monitored for impact across the health and care economy, this will include equality issues.</p>
<p>Changes to the contributions policy to the costs of social care at home:</p> <ul style="list-style-type: none"> <li>• move from a fixed charge to one based on cost of individual support package removing also the maximum charge</li> <li>• remove subsidies for some services by including them in the approach (e.g. day care)</li> <li>• allowance for Disability Related</li> </ul>	<p>Overall, charging for adults services supporting people at home will be fairer across communities, and have a greater consistency across care groups.</p> <p>Charging will be fairer, moving towards charging on an ability to pay basis, rather than a service basis. This supports people having more personalised services which are likely to be more culturally appropriate where required.</p> <p>Young people in transition who meet eligibility thresholds for adult services will start to be charged which may decrease take up of services by them.</p> <p>People receive age related benefits (e.g. AA, DLA) which the policy needs to take account of in a fair way.</p> <p>People with a disability - overall proposals improve fairness and transparency across impairment groups because the</p>	<p>Where people feel they cannot afford the contribution which they are assessed to make, they have the right to appeal to a waiver board.</p> <p>Information to be provided for young people with care needs in the transition phase so that they and their parents can prepare and are encouraged to take up services where they are eligible.</p> <p>People receiving services may be receiving different age related benefits. These will be fairly taken into account across age groups when applying charging.</p> <p>Ensure benefits maximisation for the individual during the charging process.</p> <p>To encourage people with mental health needs to continue with services, ensure we provide information explaining the benefits of the services they receive; individual risk assessments to be carried out if users decide to stop using services; specialist advocacy organisations to be informed about the possible impact.</p>

Budget proposal	Impact	Mitigating action															
<p>Expenditure is limited to the maximum of the Disability Allowance claimed</p>	<p>same system will be applied to all groups. Disability Related Expenditure disregards will be dealt with in a fair and consistent way</p> <p>A greater proportion of people with mental health needs receiving social care support are likely to be charged in future. This may affect take up of services</p> <p>Proposals may impact on carers, of which the majority (about 70%) are women, who may need to provide additional support where users decide not to continue to use services.</p> <table border="1" data-bbox="568 584 1256 1177"> <thead> <tr> <th data-bbox="568 584 808 794"><u>Estimated numbers of service users affected</u></th> <th data-bbox="815 584 1016 794">People currently charged</th> <th data-bbox="1023 584 1256 794">Estimated number of people likely to be charged following raised eligibility threshold</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 794 808 858">Users the Same</td> <td data-bbox="815 794 1016 858">1,467</td> <td data-bbox="1023 794 1256 858">891</td> </tr> <tr> <td data-bbox="568 858 808 922">Users Better Off</td> <td data-bbox="815 858 1016 922">165</td> <td data-bbox="1023 858 1256 922">109</td> </tr> <tr> <td data-bbox="568 922 808 991">Users Worse Off</td> <td data-bbox="815 922 1016 991">241</td> <td data-bbox="1023 922 1256 991">108</td> </tr> <tr> <td data-bbox="568 991 808 1177">Estimated total number of people charged for packages to support them at home</td> <td data-bbox="815 991 1016 1177"><b>1,873</b></td> <td data-bbox="1023 991 1256 1177"><b>1,108</b></td> </tr> </tbody> </table> <p>Estimate that over three quarters of people would not see any changes, while about 10% would be better off, and just over 10% worse off (they would be asked to contribute more).</p> <p>Estimate that this proposal would affect about 100 of the approx. 600 people who currently use day care services.</p>	<u>Estimated numbers of service users affected</u>	People currently charged	Estimated number of people likely to be charged following raised eligibility threshold	Users the Same	1,467	891	Users Better Off	165	109	Users Worse Off	241	108	Estimated total number of people charged for packages to support them at home	<b>1,873</b>	<b>1,108</b>	<p>To reduce the impact of the changes on carers, provide information about carers' support services available and improve performance in completing carers' assessments.</p>
<u>Estimated numbers of service users affected</u>	People currently charged	Estimated number of people likely to be charged following raised eligibility threshold															
Users the Same	1,467	891															
Users Better Off	165	109															
Users Worse Off	241	108															
Estimated total number of people charged for packages to support them at home	<b>1,873</b>	<b>1,108</b>															

Budget proposal	Impact	Mitigating action
	Most people will continue to pay nothing at all and some will pay only a little.	
<p>Reconfiguration of day services for older people and people with a physical disability.</p>	<p>The number of residents with dementia is estimated at 1,900, most of this group are women. Most are 85 yrs and over. The number of people with dementia is set to rise to over 2,100 by 2015.</p> <p>The proposal is underpinned by our increasing emphasis on personalisation and enabling adults with disabilities to make their own arrangements for day occupation, rather than creating dependency on day care services.</p> <p>Following consultation with existing users and carers and other stakeholders around proposals to change the use of the day service at 42 Westbourne Park Road from one for people with physical disabilities to a dementia resource centre, a feasibility study is now being completed to further explore options for the building, these options are:</p> <ul style="list-style-type: none"> <li>- sale or redevelopment of the site</li> <li>- use as a specialist health and social care dementia resource centre</li> <li>- a general community centre with an emphasis on disabilities</li> </ul> <p>The current day centre for adults with a physical disability has 20 regular users (attending almost daily) and approximately 70 people who use the centre for specific services. There are also 20 carers of individuals who use the service and a further c140 people with physical disabilities who do not meet current eligibility criteria for a care package.</p> <p>Currently commission 100 day care places (and 16 weekend) for people over 65 who are physically frail, for people who meet the eligibility threshold.</p> <p>For older physically frail there are 3 generic day centres with a total of 75 places spread over either 4 or 5 days</p> <p>For older people with dementia, day care is provided from 3 sites there are :</p>	<p>Day services for adults with a disability and older people with dementia.</p> <ul style="list-style-type: none"> <li>•New Equality Impact Assessments will be undertaken as part of the options appraisal work expected to report by October 2011.</li> </ul> <p>Day services for physically frail older people.</p> <ul style="list-style-type: none"> <li>•Physical enhancements to the Pullen day centre to increase the number of older frail people who can attend, including additional toilet facilities. Sherbourne day centre will not reopen.</li> </ul>

Budget proposal	Impact	Mitigating action
	<p>8 places at one centre on 1 day a week; and 30 places 5 days a week and 16 at the weekend at 2 different centres. Current usage is typically 60%</p> <p>Proposal reduces the number of generic centres from 3 to 2, - with some reduction in overall capacity – but with increased capacity at one centre with improved facilities to help accommodate more people.</p>	
Reduction in care management costs	<p>The number of people requiring ongoing support is expected to decrease significantly by up to c,3,000 individuals over the course 2010/11 as a result of:</p> <ul style="list-style-type: none"> <li>- implementation of increased eligibility threshold for social care</li> <li>- reablement reducing the need for ongoing care</li> <li>- many more individuals taking greater control over their own care through direct payments</li> </ul> <p>See eligibility impacts above.</p>	<p>Possible merger with Central London Community Health Care across Westminster, Hammersmith and Fulham and Kensington &amp; Chelsea, will improve the care co-ordination between community health and social care professionals for people with eligible needs.</p> <p>See eligibility mitigating actions above.</p>
Reduction in expenditure on day care	<p>Across different adult care groups there are currently c. 600 older people, adults with disabilities or mental health needs currently in receipt of day care services. Day care is often used as respite care to help support carers.</p> <p>It is expected that there will be a reduction of people using day care services as a result of the implementation of the raised eligibility threshold and the continuing impact of the roll out of personal budgets.</p> <p>This level of savings in day care is not advised by the Director of Adults Services and her team.</p> <p>The level of proposed savings for 2012/13 has been reduced and consideration of alternatives will be given.</p>	<p>Detailed proposals for older people's, adults with disabilities, adults with mental health needs and adults with a learning disability. These will take account of :</p> <ul style="list-style-type: none"> <li>• likely reduction in numbers using traditional day services following rise in the eligibility threshold, and</li> <li>• impact of personal budgets which increase the ability of individuals to purchase the day activities and support they wish including that which meets their cultural, religious or other equality needs.</li> </ul> <p>As these savings proposals are developed for day care they will take account of equalities issues and will be consulted upon with stakeholders.</p>
Reduction in the cost	Positive impact on adults with mental health needs requiring	N/A

Budget proposal	Impact	Mitigating action
<p>of mental health residential provision and support services:</p> <ul style="list-style-type: none"> <li>• creating a single access referral process for supported housing;</li> <li>•streamlining the joint assessment process;</li> <li>•de registration of in borough residential care services;</li> <li>•increasing commissioning of more in borough supported housing placements.</li> </ul>	<p>support. It will improve the ‘move on’ to more independent living arrangements, and the choice available locally to meet needs. Supports increased choice and control for users.</p> <p>A number of service users placed outside the City will benefit from additional local supported housing resource.</p>	
<p>Reablement – reduce cost of ongoing care for people with social care needs by reablement intervention</p>	<p>This is a positive impact on the lives of people receiving a reablement service as the approach better meets individual needs and maximizes the independence people can achieve. Between April and December 2010 438 referrals were initially accepted for reablement (c. 57% of new referrals of older and physically disabled individuals). Of those who have gone on to complete the programme c.58% are able to support themselves independently without the need for any social care support, and c.40% required ongoing care, but at a lower rate than they would otherwise have needed. Analysis of who has received a reablement service so far shows individuals are more likely to be women and over the age of 75; people from different ethnic communities are represented broadly in proportion to their numbers in the community.</p>	<p>N/A</p>



Budget proposal	Impact	Mitigating action
<p>Westminster Taxicard scheme. People on the scheme are allocated 70 trips per year and can request a further 40 trips giving a potential of 110 trips. Currently they are required to make a contribution of £1.50 per trip.</p> <p>The savings proposal currently includes introducing new eligibility criteria based on a mobility assessment; introducing means testing and increasing the member contribution from £1.50 per journey to £2.50 and reducing the Council's subsidy to £8.50.</p>	<p>There are 7,200 members, 4,200 are active members (i.e. used within last year). People with disabilities are eligible if they are unable to use buses or trains because of either blindness or any permanent or long term (two years or longer) disability/injury which seriously impairs their ability to walk.</p> <p>40% of the 4,200 active members are automatically eligible for a taxicard (registered blind, war pension or high rate of mobility allowance). The remaining 60% of active members have a taxicard on the basis of a GP recommendation. The introduction of eligibility based on a mobility assessment is likely to reduce the numbers of people who qualify for the scheme through their GP.</p> <p>Proposals to increase the charge will bring Westminster in line with other London authorities; but will negatively impact on all members of the scheme, especially those who use the service more.</p>	<p>To help offset the increase in costs to scheme members we will communicate with them to encourage and promote the use of the Freedom Pass where possible as an alternative.</p>
<p>Improved commissioning of home care (older people):</p> <ul style="list-style-type: none"> <li>•Housing 21 block contract ending</li> <li>•Framework agreement implementation</li> <li>•Reduction of spot</li> </ul>	<p>Service improvement – positive impact.</p> <p>Home care for older and disabled people and people with mental health needs.</p> <p>Framework Agreement replaces block contract and reduction in spot purchasing provides lower cost, more flexible and personalized, quality assured home care to individuals.</p>	<p>N/A</p>

Budget proposal	Impact	Mitigating action
purchasing		
Reduction in residential/nursing home care costs for older people:	<p>There are currently 282 physically frail older people supported in nursing care placements, many also have needs arising from severe dementia.</p> <p>Due to projected increases in the number of older local residents over the coming years, there is likely to be increasing demand. Our approach to reablement and development of additional supported housing opportunities is designed to offset this demand. We expect to achieve a 2.5wte reduction in older people in nursing home placements in 2011/12 as a result. This is a positive impact; no negative impact is expected on any equalities group.</p>	N/A
Reduce scheme managers in sheltered and supported housing schemes for older people.	<p>There are currently c 1,500 older people in 23 schemes and a further 400 - 500 older people supported through outreach in their own homes.</p> <p>Access to the service is through the Joint Assessment Process with Housing. To meet the criteria for the service older people must be typically over 60 and have housing and support needs (the threshold is lower than that for social care packages). However, as people get older and need more support a number will also meet the eligibility threshold for social care and receive social care packages to help them remain at home.</p> <p>The service is part funded by social care the majority of funding is through the HRA and Supporting People. The proposal is to save the social care contribution.</p>	The proposal will result in fewer scheme managers being on hand to support a similar number of individuals. There is no action that can mitigate impacts.
Savings on Learning Disability contracts	<p>The Westminster Society has produced proposals for reducing the costs of the contracts it has with the Council. The proposal reflects the next steps in developing these services to better support the personalisation agenda, giving</p>	Overall proposals will have a positive impact enabling more choice and control for those supported with high care needs.

Budget proposal	Impact	Mitigating action
	<p>more independence, choice and control to service users. The proposal also acknowledges that with the implementation of raised eligibility criteria for social care, the services the Society provides will support fewer people, focusing more on people with substantial and critical needs. This includes continuing the move from registered care to supported housing, helping to better promote the independence of those supported. This will also enable reductions in staffing etc.</p>	
<p>Commissioning budget reductions – budgets previously allocated to Voluntary Sector Grants</p>	<p>Overall there is a reduction of 25% in grants to voluntary sector groups.</p> <p><u>Adult / Young people learning</u>  We currently support a number of organisations who enable adult learning. Specific equalities groups supported include older people (provided flexible learning opportunities from Reaching U); Chinese residents, (through a scheme supported at the Chinese community Centre) and migrants.</p> <p>Beauchamp Lodge provides learning about the environment/science to 1000 younger residents 85% of whom are from BME communities. 45 children with learning / physical disabilities and a number who are the subject of SENs</p> <p>People using other organisations reflect resident gender,</p>	<p>In future with the exception of a small grants fund, the remaining resources will be incorporated into wider commissioning work, designed to improve the universal offer so it is accessible to all including equalities groups, and also better focus on priority groups/outcomes.</p> <p>Commissioners will be working with community groups who provide a range of services to specific communities to see whether there are alternative ways of commissioning their services in the future. They may also be able to access funding from the Westminster Fund which will be a conduit for corporate monies.</p> <p><u>Advice and information</u>  Maintain grant funding for CAB and undertake analysis of usage aim to prevent the need for current volume of contacts by improving overall A&amp;I offer. To achieve efficiencies and improve the overall offer to wider equalities and other groups our focus is to develop a more inclusive advice and information offering accessible to all communities groups as opposed to funding specific .  Proposals will be subject to a detailed EIA as they are developed as part of a wider commissioning strategy following needs assessment work as new commissioning strategies</p>

Budget proposal	Impact	Mitigating action
	<p>ethnicity split.</p> <p>Negative impact as funding of services will cease in June 2011. Approach for older people informed by wider 'prevention review'</p> <p><u>Advice and information</u> Current approach to A&amp;I includes support through voluntary sector grants for specific services for Chinese, Bangladeshi, Kongolese, and new migrants as well as blind people, people with epilepsy and people with a Muslim faith.</p> <p><u>Arts and Culture</u> The Council grant funds 19 different voluntary sector organisations to provide arts and culture services; many support particular equalities groups: BME young residents; BME older residents; people with a physical disability and people with a learning disability.</p> <p><u>Sports</u> Six organisations currently grant aided; each provide a universal offer, however in two instances there is high take up of BME communities in general and Bangladeshi community in particular due primarily to the location of the</p>	<p><u>Arts and Culture</u> After savings of 25% the arts and culture grants budget will be incorporated into the arts and culture commissioning. The resultant commissioning plans as they are developed will be the subject of an EIA.</p> <p><u>Sports</u> There will be a reduction of 25% on the budget to support sport. The remaining resource will in future be incorporated into the Active Westminster commissioning plan and focus particularly on achieving improved outcomes for low participation groups (some of which also match equalities groups), including people from BME communities; people with long term conditions, communities in deprived areas and women.</p> <p><u>Carers</u> The Council already commissions wider carers services from a number of sources including the vol orgs whose clients will be impacted upon. Moving grants into commissioning will improve the co-ordination of the approach and better match service to need; including that of equalities groups.</p> <p><u>People with disabilities and mental health needs</u> A number of these services are likely to continue without a specific grant from the Council; where there are continuing needs and these are consistent with our commissioning priorities, they will be included in our commissioning plans which will themselves be the subject of EIAs.</p> <p>As part of our approach to improving information, advice and signposting we will help direct people with lower levels of need to universal services or charities in future.</p>

Budget proposal	Impact	Mitigating action
	<p>service.</p> <p><u>Carers</u> Carers Network Westminster and Westminster Carers each receive grants from the Council; both support carers of older people or people with disabilities, many carers are themselves older residents; most are women.</p> <p><u>People with disabilities and mental health needs</u> Organisations for people with disabilities that are supported through the grants process will cease to be supported. Some groups particularly those with lower levels of need (e.g. those with common mental health problems) will be adversely affected.</p> <p><u>Older people</u> There are at present 11 schemes run by voluntary organisations in the City supported through grants. These provide services to a range of older people, however these are not necessarily the groups in highest need or at greatest risk.</p> <p>The proposals are likely to negatively impact on two particular orgs which provide support to African- Caribbean older people and Bangladeshi older people.</p>	<p><u>Older people</u> A comprehensive review of prevention services for older people is well under way. The aim is to commission local resource hubs and outreach services, local hubs will maximize local support for older people; local hubs will be run by older people and meet local needs; they will maximize alternative funding opportunities</p> <p>This new approach is designed to help ensure that older people with the greatest needs including those from different equalities groups achieve improve their health, well-being + quality of life through a more targeted. Groups we aim to benefit particularly are: older men, people who are frailer and those who are 'hard to reach' including some BME groups and those in areas identified as most at risk of deterioration of independence, health and well-being.</p> <p>Services will be targeted at those BME groups with the largest older people population. It is possible that this will lead to increased funding opportunities or inclusion/partnership opportunities for some groups based on local older population need. This is not happening at present and should be an improvement. Approx 12-16% of older people are from BME backgrounds.</p> <p>An initial EIA has been completed, as more detailed plans are developed in specific areas further impact assessment will be carried out.</p> <p><u>Community Centres</u> Resource to commission community centre provision and commissioning plans will be developed and subject to a further EIA</p> <p><u>Infrastructure support</u></p>

Budget proposal	Impact	Mitigating action
	<p><u>Community centres</u> 5 community centres are currently supported by the Council through grants. These include the British Arab Resource Centre, Chinese Community Centre and Marylebone Bangladeshi Society</p> <p><u>Infrastructure support</u> Small number of infrastructure orgs currently funded will continue to be supported. No negative impact</p>	n/a
Close St James Library	<p>Customers will lose an access point into the Library system. 38% of St James's library members come from other areas of London, as well as the home counties, indicating a high usage amongst commuters and workers who are unlikely to use another site.</p> <p>Some aspects of service provision will have a higher impact on women as attendees to the under 5's and children's activity sessions are mostly accompanied by women.</p> <p>Between 09/10 43 under 5's sessions were run from this site. Some areas that fall within the current catchments area for the library are a long distance from an alternative provision. This negative impact is likely to be greater on those living in and around the Old Pye Street Estate, particularly older people with mobility issues, as they will be the furthest away from alternative provision.</p> <p>Local schools that use the library for class visits will be at a disadvantage. In 09/10 there were 163 class visits and 3 nursery visits to the library with library staff attending schools and nursery's on 69 occasions. A high proportion of student</p>	<p>Alternative provision is available throughout the rest of the library network.</p> <p>Look into setting up a community satellite library in the Old Pye Street area. City Archives building in St Anns may have the capacity to deliver such as service with minimal additional revenue. Library could house a small collection of books, PC's and children's activities.</p> <p>Activities and classes would still be accessible through other Library sites.</p> <p>The redevelopment of WRF, if merged with Charing Cross Library would improve access to facilities.</p>

Budget proposal	Impact	Mitigating action
	<p>from Westminster City School who are a key library user are from a Black or Asian background who may be disproportionately affected. Although other library sites are available schools may not be willing to travel.</p> <p>The library also has active partnerships with organisations serving disadvantaged people, e.g. local homeless shelters and drop-in centres and runs a number of classes such as money management (1 sessions) and CV surgeries (4 sessions).</p> <p>Negative impact on disabled and those with mobility issues as St James is DDA approved while other library sites have varying levels of accessibility.</p>	
Merge Charing Cross and Westminster Reference Library (WRF)	<p>Positive impact in the merging of these two sites with services and resources being maintained. The overall public space will be comparable, achieved through the development of the WRF site. Community meeting spaces and events will also be made available which are not currently available at either site. Both sites are within 500m of each other so there will be no travel implications.</p> <p>Staff will have an improved working environment.</p> <p>Redevelopment of WRF will particularly benefit those with a disability or mobility issues as currently both sites have low DDA.</p> <p>As Charing Cross Library houses a large Chinese Language Library and is heavily used by the Chinese community (c50%), this user group will disproportionately benefit from service improvements.</p>	N/A
Archives savings: - reduce	Staff reduction due to the merging of Charing Cross and WRF.	Volunteers will be recruited to help customers and minimize the impact of staff reductions.

Budget proposal	Impact	Mitigating action
<p>staffing, - reduce expenditure on reference stock and information service</p>	<p>Reduced frontline staff to help those unable to use self service options. Will have a greater effect on the disabled and older people. There is an anticipated £35k reduction in the stock budget. See “reduce expenditure on stock” below for more information.</p>	<p>Online delivery of service will be improved, with access to text and local online chat enquiry services, as well as faster response to email enquiries. Staff will receive more specialist training in information resources and enquiry handling to deliver a better service in all libraries.</p>
<p>Reduce expenditure on stock</p>	<p>The precise impact the stock reductions will have on stock selection cannot be assessed until the stock purchasing plan 2011/12 is produced. Plans to introduce new services in new formats (i.e. e-audio and e-books) will still go ahead. These will benefit all, but will be of particular benefit to those with visual impairment related disabilities.  Social Need customers account for a third of library users and are in the greatest need of library services. They are more likely than average to speak a language other than English by reducing library stock overall it could therefore be argued that there will be a disproportionate impact on this group.</p>	<p>Some of the negative impact may be negated by the review of supplier selection (i.e. may be able to improve stock selection to closer meet customer demand) and through improved stock management generally. However it will not be possible to mitigate the negative impact of such large reductions in budget.</p>
<p>Restructure of Registrars Service</p>	<p>New service structure will enable staff to gain new skills and increase their pay. Positive impact - Registrars will increase appointment offerings from 3 to 5 days a week increasing the number of weddings, civil partnerships, British Citizenship applications checking and help lodge applications through the Nationality Checking Service. This will not only improve access but also speed of delivery.</p>	<p>Nationality checking will bring an additional benefit to foreign nationals wishing to apply for citizenship.</p>
<p>Move to cost neutrality for sports and leisure</p>	<p>No differential negative impact anticipated as a result of this proposal, as following transfer of all in house sports</p>	<p>Council will ensure that the specifications and contract requirements for all outsourced services maintain access</p>



<b>Budget proposal</b>	<b>Impact</b>	<b>Mitigating action</b>
services	development delivery services, all services will be delivered to the same standard and will promote the same access arrangements under a specified service.	for the whole community including groups with protected characteristics and promote the requirements of the Equality Act 2010.
Reduction in Champions of the Future programme for gifted and talented athletes (underspend in programme and will not impact on current demand)	No differential negative impact anticipated as a result of this proposal. No negative impact anticipated for the 41 young people currently benefiting from programme.	N/A
Cease free swimming programme	No differential negative impact anticipated as a result of this proposal. Each year about 1,350 free 5-session lessons are delivered through this programme. Programme, which provides free swimming lessons during school holiday for students who do not achieve curriculum target (25m), is promoted universally and there is no evidence of under or over representation among by different groups.	Work with schools to promote high quality swimming lesson provision as part of the curricular offer to reduce the number of students who do not achieve the school curriculum target. Continue to offer free, casual swimming lessons for all children and young people under 19 years of age.
Reduce expenditure by 25% on Active Westminster mark programme	No differential negative impact anticipated as a result of this proposal. 31 clubs currently accredited with the ActiveWestminster mark; is no evidence of under or over representation among different groups.	N/A
Reduction of Neighbourhood Sports programme across City estates	The programme (involving about 40,000 visits per year) will be reduced across all areas of city where currently delivered. Potential negative impact on BME groups and boys aged 8-19 years in so far as they are over represented in service user analysis.	The programme will continue to be promoted 7 days a week and be open to all groups on a universal basis.  Overall offer likely to be similar to current levels of provision as activities through community sports clubs are increased.

### Assessment of overall impact from Adult Services Proposals

Age	There is likely to be moderate cumulative impact on older residents by the raised eligibility threshold. There is also a considerable impact on carers many of whom are older people. Changing the focus of preventive services to support those who need them most will be key to mitigating the impact.
Disability	There will be a moderate to significant impact on people with disability due to changes to the eligibility criteria for adult social care and related adult social care proposals, such as the reduction to day care services.
Gender/gender reassignment/pregnancy & maternity; marriage & civil partnership	Due to their over representation amongst older people females are likely to experience a more significant negative impact as a result of changes to social care provision. Women also often take on caring responsibilities and therefore will be impacted by any reduction in services.
Race	Grant reductions to voluntary organisations which specifically address BME communities will also result in a moderate negative impact, although plans to commission more accessible mainstream services will help mitigate this.
Religion or Belief	There is a limited negative impact on religion or belief. The reductions in grant funding are likely to impact negatively on small voluntary groups which target particular faith communities.
Sexual orientation	The potential negative impact on sexual orientation is minimal. However changes to eligibility criteria for social care may lead to increased social isolation amongst this community.

## 2. Children's Services

<b>Budget proposal</b>	<b>Impact</b>	<b>Mitigating action</b>
Reduce the cost of highest cost placements for looked after children (LAC) and reduce numbers coming into care.	<p>This proposal focuses on assessing the needs of young people and making sure they are in places that accurately reflect their needs. This may mean that the level of support will be reduced to match the level of need of the child. There are currently 217 looked after children in Westminster, of which 80% are Black &amp; Minority Ethnic (the largest single groups are Black children (27%)).</p> <p>The proposal is only likely to have only a negligible or minimal impact on BME groups in so far as they are overrepresented in the client group.</p>	<p>There will be targeted work going on in the community to try to reduce the numbers of children coming into care – especially adolescents. There has already been a 16% fall in LAC numbers over the last 12 months. For those already in care, individual monthly reviews of high cost placements will take place to ensure that the placement is the right one and is cost effective.</p>
Close excess residential provision for looked after children	<p>There is no impact from this proposal. The 4 children affected have been moved to other placements that better meet their needs.</p>	N/A
Budget reductions in discretionary allowances for foster carers. There will not be a reduction in their substantive fee or the child allowance. This proposal will achieve savings by greater scrutiny of the allocation of allowances to ensure that they are given in line with procedures.	<p>The reductions will apply universally. There are approx. 100 children in foster care in Westminster. The ethnic profile of children in foster care mirrors looked after children with approx. 80% identifying as Black &amp; Minority Ethnic. Foster carers are also more likely to identify as BME. The proposal is only likely to have only a negligible or minimal impact on BME groups in so far as they are overrepresented in the client group.</p>	<p>Head of Service and Operational Director have already met with representatives from the Foster Care Association to advise that savings will come from areas of discretionary spending and that there will not be a reduction in their substantive fee or the child allowance. Any cuts made will be universal. Regular meetings will continue so that foster carers are kept informed and consulted on all proposed changes.</p>
Reduce provision of Children's Rights Service – the proposal is to change the way the service	<p>This proposal will potentially have a negative impact on race, as 80% of looked after children</p>	<p>The remaining resource will be targeted to those children and young people who most</p>

<b>Budget proposal</b>	<b>Impact</b>	<b>Mitigating action</b>
is provided and reduce the level of staffing from 1FTE Children's Rights Officer to a 0.5 FTE post. This will impact on the level of advocacy service for looked after children and care leavers.	in Westminster are Black & Minority ethnic.	need an advocate where that need cannot be met by other people in the child or young person's network.
Reduction in level of care packages for children with disabilities.	<p>This proposal focuses on reviewing the care plans of children and young people with disabilities and making sure they are in receipt of services that accurately reflect their needs. This may mean that the level of support will be reduced to match the level of need of the child. It is possible that some specialist services may be decommissioned as a response to reduced levels of care packages.</p> <p>The proposal will impact on those children and young people with disabilities as they are the affected client group.</p>	<p>Before any changes are made to services which children are receiving, the long term and current implications will be assessed. Any changes to care packages will be based on individual need to ensure that children continue to receive the services they require. A consultation meeting has already been held with parents and these will continue. The parents are representatives of Parent Participation Groups and are also represented on the steering groups who will be making the recommendations regarding any changes to service provision. In addition, by continuing to offer a range of early intervention short break services to families with disabled children, Westminster hopes to help reduce the numbers of children with disabilities coming into high cost residential care placements by giving parents and carers regular breaks from caring.</p>
Reduction in the holiday play scheme provision at Rainbow Nursery for children with disabilities.	<p>This proposal will not affect the core nursery provision (9 FTE places, approx 14 children). Due to the small numbers of children, and given the play scheme will continue (with a reduction in the frequency with which it is offered) this proposal should only have a</p>	<p>Negotiations are currently underway with the current provider concerning how any negative impacts can be mitigated. It may be possible to obtain funding from alternative sources and therefore the service levels will not be affected.</p>

Budget proposal	Impact	Mitigating action
	limited impact on children with disabilities.	
Reduction in funding for Early Support for children with disabilities and One City funding for children with disabilities.	The reductions in funding are unlikely to have a substantial impact on direct service delivery. Through service redesign and through the use of different funding streams, the schemes have been able to continue. However, there is potentially be a negative impact for the relatively small number of children with disabilities that benefit from these schemes as they are reshaped and their capacity to extend provision is limited.	The council is working to maintain key components of the services funded by these funding streams, such as regular holiday specialist youth provision for young people with disabilities as well ensuring more coordinated support for families of young children with disabilities. The intention is to use some of the Early Intervention Grant to support services for disabled children and young people.
Increase charges for play service (after-school & holiday provision) and reduce the number of play centres from 16 to 8 (however placements within centres will be increased).	This proposal will potentially have a negative impact on gender (female). 60% of respondents to a survey of parents and guardians using the play service are single, with the majority being female. Increased charges will therefore have a disproportionate negative impact on this group. The impact on children with disabilities will be negligible or minimal, as provision for this group should not be affected because enough places will be retained to meet current demand and children with special needs will continue to receive priority. There is no one ethnic group that is disproportionately represented in the service user make up and therefore there should not be an impact from the proposal on race.	Provision will be increased in the play centres that are retained to partially mitigate against the loss of placements caused by the reduction in the number of centres. There is also a pool of casual workers who can be engaged to relieve periods of increased demand. Existing front-line staff will also receive training to be able to advise parents and guardians about how to access the Working Tax Credit which can rebate up to 70% of childcare costs from April 2011.
Staff reductions in children's information outreach team (Early intervention & prevention services). A key part of their role is to give	This proposal will mean that there is reduced level of advice. There may be a minimal to moderate negative impact on women, in	The generic outreach team will absorb the functions of the children's information outreach team. To minimise any impact the outreach

<b>Budget proposal</b>	<b>Impact</b>	<b>Mitigating action</b>
information on child tax credits and access to childcare. Experience is that most families consult about a range of needs (not just one issue) and the generic outreach team generic outreach team are best placed to provide a wider support.	particular single mothers, as they are more likely to use the service.	teams are already trained to give information on child tax credits and a variety of benefits.
Reduction in commissioning budgets previously allocated to voluntary sector grants.	No decisions have been taken about how the reduction will be managed and what commissioning areas will be affected. Therefore it is too early in the proposal stage to assess impact. There is the potential that the reduction could have a negative impact on all protected groups.	Needs will be assessed, and further consultation undertaken to help ensure that available funding is targeted to the areas of greatest need.
Reduction in the budget for the Educational Psychology Service (EPS). The service provides support to schools and assists in the assessment of children with psychological and behavioral problems. This includes School Action, School Action Plus, and Statements of Educational Need.	The effect of the proposal is likely to mean that there is less opportunity to give advice to schools on how to manage children with SEN. This proposal therefore may potentially have a minimal to moderate impact on disability.	Less discretion used during assessments will allow the service to focus on statutory obligations and closely monitor costs. Ongoing consultations and Tri-borough Steering Group are currently developing working structures and exploring areas of service delivery can be merged and /or shared.
Reduction in the Special Educational Needs Transport budget	This proposal will potentially have a considerable negative impact on children with a disability. Over 90% of children who use the transport have either a physical or medical disability. Users have a wide spectrum of disabilities and these will predominately be long-term disabilities.	There is a transformation savings action plan in place with SEN Transport which is managed and delivered by Vertex and Enterprise. This is related to changes in practice service delivery and reducing costs. The shift to effective lower cost alternative transport provision will be implemented where possible. Improvements in local provision will also reduce the need for more costly out-of-borough provision.

Budget proposal	Impact	Mitigating action
		The Tri-borough Steering Group is working towards jointly commissioning services e.g. renegotiation of current contract with Vertex and review alternative transport provision where possible to produce high level efficiency savings and sustainable costs.
Decommissioning of Children in Need (CIN) places through London Early Years Foundation (LEYF), the Dorothy Gardener and Portman centres. Children in Need are offered places in day nurseries for child protection issues, if they have a disability or parental/family needs. The contract for CIN places offered through LEYF will end on 31st March.	There is a separate category of CIN places for children with disabilities. There may be moderate negative impact on children with disabilities, as the reductions will limit the number of referrals that can be made. There is no one ethnic group that is disproportionately represented in the service user make up and therefore there should not be an impact from the proposal on race.	Currently there are 63 FTE children in need occupying the places over the two contracts but it is anticipated that a number of children will leave to start to school in September and there will be vacancies. Places will be targeted to reflect the new commissioning priorities.
Review of Unaccompanied Asylum Seeking Children	There is no impact from this proposal. It is a budget adjustment to reflect considerable fall in demand.	N/A
Reduction in the Action for Children contract to provide specialist assessments	No impact – social workers are be trained to undertake the assessments in house.	N/A
Reduce Careers Contract – the service provides career advice to young people	The proposal is for a small reduction to the contract. It is a universal service, however it could impact more on Black & Minority Ethnic young people as they are more likely to use the service.	N/A
Reduce staffing in localities: <ul style="list-style-type: none"> <li>• Locality Young People's Services</li> <li>• Early Years Advisory</li> <li>• Duty &amp; Assessment</li> </ul>	There will be less service as a result of the reduction. This may have a negative impact on young people with disabilities and Black & Minority Ethnic young people as they are more likely to use the service.	Targeting of the service will be improved and will focus on young people at risk of violence and anti-social behavior.

<b>Budget proposal</b>	<b>Impact</b>	<b>Mitigating action</b>
<p>Central Government changes to specific grants resulting in a reduction in expenditure of £7.6 million:</p> <p>A number of Local Authority school improvement posts will be lost but much of this work was planned to end at 31st March 2011. (2.2m).</p> <p>The biggest reduction will be in early years provision where funding for under-5s services could reduce by up to £3m from grant losses.</p> <p>Other losses are still being finalised.</p>	<p>Nil</p> <p>Early years provision is now subject to a separate consultation exercise with the intention that provision is targeted further to ensure communities most in need benefit most from available funding this should ensure that provision should better target disadvantaged groups of children.</p> <p>Not yet identified.</p>	<p>Academies will now undertake this work themselves supported when necessary by central Government.</p> <p>Westminster are now consulting on Re-shaping Westminster's Children's Centres provision and these re-shaping will be subject to a separate EIA.</p> <p>Subject to further assessment.</p>

### **Assessment of overall impact from Children's Services proposals**

Age	There is no impact on age as defined in the Equality Act from these proposals.
Disability	There is a moderate negative impact on children with disabilities as a result of the cumulative effect of proposals concerning Special Educational Needs reductions, Children in Need reductions and reductions in the play service at Rainbow nursery.
Gender/gender reassignment/pregnancy & maternity; marriage & civil partnership	There is a minimal to moderate impact on women as a result of increased charges in the play service and reductions in advice services which are mainly used by women.
Race	There is a minimal to moderate impact on Black & Minority Ethnic young people due to reductions in the Locality Young People's Service and reductions in the Children's Rights Service and the Career contract.
Religion or Belief	There is no specific impact on religion or belief.
Sexual orientation	There is no specific impact on sexual orientation.



### 3. Housing

Budget proposal	Impact	Mitigating action
<p>Reduction in Supporting People services:</p> <ul style="list-style-type: none"> <li>• Decommissioning of Irish Centre Housing – St Louise Hostel (March 2011)</li> <li>• Decommissioning of Metropolitan Housing Trust Refugee Support (March 2011)</li> <li>• Decommissioning of Castle Lane hostel (June 2011)</li> <li>• Decommissioning of Church Army Hostel (March 2011)</li> </ul> <p>These services are not meeting a core need for the most vulnerable, delivering wider council objectives and/or are provided from premises that are no longer fit for purpose.</p>	<p>The decommissioning of these services may potentially have a minimal negative impact on gender (female), as the Irish Centre Housing St Louise Hostel and the Church Army Hostel provide 173 units of accommodation for females only. Further female beds will be lost by the closure of Castle Lane.</p> <p>Services are used by a range of ethnic groups, and monitoring information does not show discrimination or disproportionate impact for an ethnic group. However, the decommissioning of the Metropolitan Housing Trust will remove 12 units of housing for refugees (this may have a minimal negative impact on BME groups).</p> <p>The number of persons accessing these services with a disability is low, and other specialist accommodation is available for this client group.</p>	<p>The performance indicator target set for positive planned moves through the supported housing sector is at 75%. Performance data shows that the target has been exceeded over the last three years and that there is sufficient planned moves through the supported housing sector which will meet the demands created by the closure of the hostels (both male &amp; female beds).</p>
<p>Supported housing - Not continuing funding for Centrepoint's Learning and Health Services which employs two Support and Development Workers for the Learning Team, and three Support and Development Workers for the Health Team. The funding also employs 0.5 of the Health Team Manager to deliver a range of services across Westminster and other north London boroughs.</p>	<p>This proposal may have a minimal negative impact on race. Just under 40% of service users are Black British or Black African, followed by Black Caribbean at 16% and White British at 14%. The proposal will also have a minimal negative impact on gender (male) as the service is used by almost twice as many men than women.</p>	<p>This funding is additional discretionary spend which complements core service provision, and the same services will continue to be offered. The existing services will help to ensure that the skills of service users in Centrepoint's Westminster accommodation based services are developed in order to increase their confidence and self-esteem which is need for them to continue the successful transition into independent living.</p>
<p>Supported housing – Floating Support Service</p>	<p>The majority of service users have mental</p>	<p>Efficiency savings, and reduced back office</p>

<b>Budget proposal</b>	<b>Impact</b>	<b>Mitigating action</b>
re-let reducing the overall contract spend. The Floating Support Service supports the independence of vulnerable people living in their homes. Efficiency savings, and reduced back office costs will limit the impact on front-line service delivery.	health needs or substance misuse issues, and there therefore may be a minimal negative impact from this proposal for disability (mental health).	costs will limit the impact on front-line service delivery.
Supported housing – Not continuing to fund a life skills worker post that is shared between two Mental Health Care Homes.	There may be a minimal negative impact from this proposal for disability (mental health).	Existing staff at both care homes are skilled to provide life skills work. Therefore the impact on frontline service will be minimal or negligible.
Rough sleeping – Re-let of housing related support services for single homeless people at Great Chapel Street reducing the overall contract spend. Savings have been delivered through the competitive tendering process and front-line service should not be affected.	There may be a minimal negative impact on disability (mental health) as approx 40% of rough sleepers have mental health needs.	Savings have been delivered through the competitive tendering process and front-line service should not be affected. A 24 hour rough sleeper service will still be provided at the location.
Rough sleeping – re-let of city wide Building Based Intervention Services for rough sleepers reducing the overall contract spend. The current providers have been successful in the tender process. The reduced contract spend may reduce the number of frontline outreach workers, however the aim is to maximise efficiency savings.	The reduction in the number of outreach workers may have a minimal negative impact on disability (mental health) as approx 40% of rough sleepers have mental health needs. However, the intention is to minimise any impacts on front-line service.	The aim is to maximise efficiency savings, and reduce back office costs in order to limit the impact on front-line service delivery.
Rough sleeping – reduction in funding for the Multiple Needs Team at Connection St Martin's Day centre. The funding for this service is passported from the Department of Communities and Local Government (CLG), and the funding stream is being removed by CLG.	The Multiple Needs Team receives funding from a variety of sources and will continue to provide services to rough sleepers. Discussions are underway with the provider to determine what the impact of the reduction will be on their overall service offer, with a view to mitigating the impact as much as possible. The proposal may have a minimal negative	Please see information under the Impact heading.

Budget proposal	Impact	Mitigating action
	impact on gender (male) as three out of four service users are men.	
Housing Options Service – Reduce opening hours of the service by the equivalent of two hours per day (current opening time is 8.30-5 Monday to Friday).	The proposal may have a minimal negative impact on race (Black & Minority Ethnic). Ethnic minority groups continue to have higher levels of housing needs – making up 66% of the total housing register.	<p>In order to ensure that the service continues to remain accessible we will continue to emphasise the availability of appointments for housing advice and assessment at a convenient time for the household. We will emphasise the importance of making contact with the Housing Options Service at the earliest opportunity before any housing crisis occurs that would require attending the service as an emergency.</p> <p>This will include promoting the use of e-mailing the Housing Options Service advisors directly and contact through the website (which is currently increasing) which is not just available during opening hours. Bidding for new homes is already carried out on line and in the longer term a new IT system currently being implemented will enable applicants to look up their own case details and waiting list position on line.</p> <p>We will promote the use of and access to the comprehensive WCC website which contains housing advice and information on the service and free access is available in libraries and one stop shops. The emergency out of hours service for housing emergencies outside the current opening hours will continue to be available.</p>
Housing Options Service – charges will be	This proposal may have negative impact on	The most vulnerable households who are

<b>Budget proposal</b>	<b>Impact</b>	<b>Mitigating action</b>
introduced to store belongings of homeless households who are living in temporary accommodation. Households have a choice as to whether they use the council service or arrange their own service.	race (Black and Minority Ethnic). Ethnic minority groups continue to have higher levels of housing needs – making up 66% of the total housing register.	unable to arrange storage for themselves will be supported to do so and a process based upon individual case management will be developed for this.

### **Overall impact on protected groups from Housing proposals**

Age	There is no specific impact on age.
Disability	There may be a cumulative moderate negative impact on disability (mental health) if reductions in contract spend in Supported housing and Rough sleeping services cannot be met entirely through efficiency savings.
Gender/gender reassignment/pregnancy & maternity; marriage & civil partnership	There may be a minimal negative impact on gender (female) due to the closure of female only beds, however current provision is expected to meet demand. There may be a minimal negative impact on gender (male) from the reduction in funding for Centrepoin’s Learning & Health Services, however demand is expected to be met through current service provision.
Race	There may be a minimal negative impact on race from the reduction in the Housing Options Service opening hours, the introduction of charges for furniture storage for households in temporary accommodation and the removal of 12 units of housing for refugees.
Religion or Belief	There is no specific impact on religion or belief.
Sexual orientation	There is no specific impact on sexual orientation.

#### 4. Other: City Management, Customer, Built Environment and Resources

Budget proposal	Impact	Mitigating action
<p>Deletion of Community Engagement Officer post.</p> <p>The Community Engagement Officer currently takes responsibility for supporting events such as Rainbow Ribbon (to raise awareness of LGBT domestic violence) and Million Women Rise (to highlight and put an end to violence against women) in addition to a project advising those with learning difficulties on how to report crime. The role of the Community Engagement Officer will be absorbed by the Neighbourhood Crime Reduction Officers.</p>	<p>The deletion of this post will have a minimal negative impact on women, LGBT people and disabled people mainly with a learning disability.</p>	<p>The work of the Community Engagement Officer will be absorbed by the Neighbourhood Crime Reduction Officers, who already deliver some community cohesion work. The Million Women Rise and Rainbow Ribbon events will continue to be supported and will contribute to the Council's legal duty to foster good relations between those who share a protected characteristic and those who do not.</p>
<p>Non renewal of contract for Safer Westminster Partnership survey.</p> <p>The survey currently acts as a way to measure opinions of a large number of residents and businesses about crime in Westminster, and to target resources to those most in need. The Council is proposing to replace this survey with alternative methods of consultation that will be more cost-effective, such as the Virtual Ward Panel survey and face-to-face group sessions.</p>	<p>The survey gathers detailed information and ensures that views of harder to reach groups such as minority ethnic groups and LGBT people are represented. There may potentially be a risk that these views could be under-represented in service planning in the future.</p>	<p>Further work will be undertaken to identify the best approach to ensure that the quality of data remains high and the views of people with a protected characteristic are represented.</p>
<p>Ceasing proactive advisory work aimed at educating vulnerable residents about scams and 'doorstep' crime.</p>	<p>Ceasing the proactive elements of the service may potentially have a negative impact on older people and people with a</p>	<p>The Council will continue to investigate and report on allegations received from victims. The Council will regularly review the information available on the</p>

Budget proposal	Impact	Mitigating action
<p>The proactive advisory work currently involves distributing booklets to vulnerable residents about common scams and how best to deal with doorstep callers. This work is primarily targeted at older people and disabled people. This activity will cease, but the Council will continue to investigate and report on incidents and allegations of doorstep crime and scams, and provide general advice and signposting on the website.</p>	<p>disability who are more likely to be victims of doorstep crime. General advice about doorstep crime will still be available on the Council's website.</p>	<p>Westminster website that advises members of the public on how to avoid being victims of scams, and has signposts to other non-Council organisations that may be able to offer further help.</p>
<p>Ceasing proactive project aimed at combating illegal tobacco and under age sales of cigarettes.</p> <p>The proactive project currently involves health and safety visits to tobacco retailers and campaigns to raise awareness of tobacco-related legal and health issues. This project will cease, but all reactive work involving investigating and reporting on allegations and intelligence will continue.</p>	<p>The ceasing of this proactive project may have a have a minimal impact on race (particularly Black African). This is because an increase in the supply of counterfeit and certain niche tobacco products may potentially have a negative effect on the health and wellbeing of certain ethnic groups who are the main consumers of these products. Health information relating to the use of tobacco will remain on the Council's website.</p>	<p>The Council will continue to investigate and report on allegations and intelligence received about relevant criminal offences. The Council will ensure the website has information regarding the sale of tobacco products and also the law in relation to illegal sales of tobacco.</p>
<p>2011/12 Corporate Property Programme of Activities.</p> <p>This programme of activities includes disability access audits of City of Westminster Public and Service Buildings, and the capital (building) projects and schools (Works) projects.</p>	<p>This will have a positive impact on disability (physical, sensory, learning disabilities and mental health) as the audits will identify improvements that can be made to improve the accessibility of council buildings e.g. ramps, loops, signage, colour schemes and lifts will be considered to meet best practice standards of design and policy and to ensure compliance with equality legislation.</p>	<p>Positive impact - No mitigating actions required.</p>

Budget proposal	Impact	Mitigating action
	<p>There will be a positive impact on religion or belief as quiet prayer/reflection rooms will be provided where possible. This proposal will also have a positive impact on those who have no religion or belief.</p> <p>There will be a positive impact on pregnancy and maternity as the proposals will ensure women have facilities and services to breast feed in public places.</p>	
<p>Introducing a small charge for the use of some of the Westminster-owned public conveniences. This proposal is designed to raise income to cover public convenience maintenance and reduce anti-social behaviour. Not all conveniences will have payment barriers installed due to space limitations, therefore these facilities will remain free of charge.</p>	<p>Conveniences with disabled access will remain free of charge for disabled customers who possess a RADAR disability scheme disability card.</p>	<p>Where barriers are introduced to implement charging, DDA compliant facilities (where available) will be located outside of the barriers to negate any access problems.</p>
<p>Neighbourhood One Stop Strategy - this proposal includes providing residents with alternative locations and alternative methods of paying for Council services, and piloting the relocation of the 3 One Stop services within 6 other existing Council buildings. The Council will continue to accept cash as payment and will not charge customers extra for doing so. The proposed locations to offer One Stop services are already DDA compliant, and will continue to offer information in Braille, large print and in different languages. The objective of the project is to realise</p>	<p>There is likely to be a positive impact on age (older people) and disability (physical) because people from these groups may have a reduced journey length to reach a location where payments can be made. Deaf customers will have access to a video phone at one of the new locations.</p> <p>There will be a positive impact for people who do not have bank cards (more likely to be older people and people of the Muslim faith), as special cash cards will be available and will mean people no longer have to carry large of amounts of cash if they do not wish.</p>	<p>There will be targeted communications to older people and those with learning disabilities to make them aware of where the new One Stop locations will be.</p> <p>The relocations of One Stops to Neighbourhood One Stops will be phased to mitigate any negative impacts and to measure whether the channel shifts have been successful. The Council will be using a customer feedback tool to measure customer satisfaction before the relocation, during the change and after with a view to continuously improving the customer experience.</p>

Budget proposal	Impact	Mitigating action
savings on property and staff whilst improving customer experience by offering services through sites that customers are already accessing.	These cards will not be credit cards, and no debt or interest can be accrued. These proposals may potentially have a short-term negative impact on age (older people) and disability (learning disabilities) as changes in location may be confusing for these groups.	
Changes to routine maintenance cycles in highways and public lighting and bridges/structures. Westminster has a high frequency regime currently. This will see road markings move from a 3 year to 4 year cycle, and painting of assets from a 3 year to a 5 year cycle (minimal risk), and lamp replacement from a 2 to 4 year cycle.	The impact from these proposals on people who can experience greater difficulty in the public realm (people with disabilities, older people, parents & guardians using prams) should be minimal.	Risk assessment and business rules will be drawn up with the provider. The Smart Lights project will see longer life lamps installed which allows the reduction in routine maintenance to take place. LED lighting is being installed subway structures which will have the same benefit.
Highways Non-Emergency Reactive Repairs – changes to risk register and response frequencies	Requests for permanent repairs will take longer to respond to (for example requests for dropped kerbs). The impact from these proposals on people who can experience greater difficulty in the public realm (people with disabilities, older people, parents & guardians using prams) should be minimal.	Discussions are underway with the provider to change to a first time repair model from the current emergency call out followed by a permanent repair call out.
Public Lighting – change of reactive maintenance regime from replace to repair The current contract requires a replacement unit to be fitted instead of repaired as a means of mitigating outages. A saving can only be achieved through a change in working practices.	The impact from this proposal on people who can experience greater difficulty in the public realm (people with disabilities, older people, parents & guardians using prams) should be minimal. This proposal may also impact on people who experience greater fear of crime (older people and women).	Work is taking place with the provider to introduce a clear set of business rules for replacement and repairs to mitigate the risk of lights being out.
Public Lighting – Dimming or reduction of	There may be an impact from these	Consultation will be carried out and further impact



<b>Budget proposal</b>	<b>Impact</b>	<b>Mitigating action</b>
lighting hours. Lighting would be reduced to minimal levels or switched off between appropriate hours.	proposals on people who can experience greater difficulty in the public realm (people with disabilities, older people, parents & guardians using prams). This proposal may also impact on people who experience greater fear of crime (older people and women).	assessments completed to help mitigate the impact.

**Overall impact on protected groups from other (City Management, Customer, Built Environment, Resources) proposals**

Age	The City Management proposals will potentially have a minimal to moderate negative impact on older people. This is due to reduced access to information through the doorstep crime advice, which are mainly used by older people and changes to maintenance of pavements and lighting. The Resources proposals will have impact on older people, but these will mostly be positive. The option to pay for Council services by cash in alternative local locations may be beneficial and result in older customers not having to travel to One Stops. The option to use a Council cash card rather than a bank card to pay for Council services may also have a positive impact.
Disability	The potential cumulative impact of the City Management proposals on disabled people in Westminster is minimal to moderate, and relates to reduced access to information through the doorstep crime advice service, the deletion of the Community Engagement Officer Post and changes to maintenance of pavements and lighting. Signposting to an alternative service will be offered to mitigate the impact, and community engagement services will be absorbed into a different team in the Crime Reduction Service. The Resources proposals will have an impact on disability, but these will mostly be positive. The option to pay for Council services by cash in alternative local locations may be beneficial and result in disabled customers not having to travel to One Stops. Disabled and sensory access will be further improved where possible to all Council buildings as part of the Corporate Property proposals.
Gender/gender reassignment/pregnancy & maternity; marriage & civil	The City Management proposals will have no impact on these groups, apart from a minimal negative impact on gender (female) with regards to the deletion of the Community Engagement Officer post and the potential impact from changes to maintenance of pavements and lighting. The 'Million Women Rise' event will continue to be

partnership	supported within a different team to mitigate the impact. The Resources proposals will have a positive impact on pregnancy and maternity as facilities will be made available for women to breastfeed in public spaces.
Race	There is a minimal negative impact on race from the proposed abolition of the SWP survey which may mean that certain minority racial groups do not have their viewpoints taken into account. Alternative consultation methods and face-to-face sessions with groups whose voices are not represented are currently being considered, and will be introduced to mitigate the impact.
Religion or Belief	There will be a positive impact on religion or belief. The disability access audits will have a positive impact on different religious groups, as prayer spaces will be made available where possible. The option to use a Council cash card rather than a bank card to pay for Council services may also have a positive impact on Muslims who are prevented by Sharia law from having a bank account.
Sexual orientation	The potential cumulative impact of the proposals on lesbian, gay and bisexual people is low. The abolition of the SWP survey may mean that certain smaller groups do not have their viewpoints taken into account. Alternative consultation and face-to-face sessions with groups whose voices are not represented are currently being considered as a replacement, and will be introduced to mitigate the impact. The deletion of the Community Engagement Officer post may have an impact on the 'Rainbow Ribbon' event, but work relating to LGBT domestic violence will continue in a different team to mitigate the impact.

### **Overall Summary of Impact of Budget Proposals**

The Budget proposals have the potential to have a moderate to significant impact on disabled people. This is as a result of the cumulative effect of proposals in Adult Services and Children's Services. Key proposals leading to the impact are changes to the eligibility threshold for social care services; reductions in expenditure in day care; other related adult social care proposals; reductions to Special Educational Needs transport services and Children in Need services. The budget proposals concerning changes to the eligibility threshold for social care services also have the potential to have a moderate impact on older people.

There are a small number of proposals that have an impact on race because people who identify as Black & Minority ethnic (BME) make-up the majority of services users where changes are planned, for example the introduction of charges for furniture storage for households in temporary accommodation. However the nature of the proposals combined with the small number should mean that the overall impact is minimal. There is the potential for a larger impact on race because of the change from grants to the voluntary sector to the commissioning of services, as some organisations that support BME communities may no longer be supported under a commissioning approach. Implementation will be closely monitored to help ensure that any impact is minimised as much as possible.

There may be a disproportionate impact on women as a result of reductions in play services, day care for children and other youth and young people's activities, which is likely to increase caring responsibilities which women are more likely to undertake.

The impact on religion or belief and sexual orientation is negligible.

The impact on the council's workforce is being assessed as part of the Phase 5 of the transition.

## **Annex C: Budget and Performance Task Group meeting notes**

### **Terms of Reference**

The Westminster Commission agreed at its meeting held on the 3 July 2007 to set up a Budget and Performance Task Group as a Standing Task 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.

To consider any issues arising from performance monitoring reports referred to it by the Audit and Performance Committee for scrutiny and to submit recommendations/comments thereon to the relevant Cabinet Member(s) and or Chief Officer(s)”.

These terms of reference were agreed by the current Budget and Performance Task Group at their First Meeting on 20<sup>th</sup> January 2011.

### **Membership**

Cllr Danny Chalkley (Chairman), Cllr Michael Brahams, Cllr Tony Devenish, Cllr Paul Dimoldenberg, Cllr Lady Christabel Flight, Cllr JP Floru, Cllr Angela Harvey, Cllr David Harvey, Cllr Dr Cyril Nemeth, Cllr Rachael Robathan and Cllr Ian Rowley.

### **Governance**

The Budget and Performance Task Group reports to the Finance and Resources Policy and Scrutiny Committee chaired by Cllr Andrew Havery. In respect of the 2011/12 and 2012/13 budget preparations, it will feed into Cabinet discussions. Cabinet must take into account any views from the 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.

### **Meetings**

#### **20<sup>th</sup> January: First Meeting**

The First meeting was a scene setting meeting – looking at the Provisional Budget Cabinet Report of 17<sup>th</sup> December 2010, which identified a funding gap of £12.3m. Officers presented an overview of the Budget Assumptions which had been used, and provided an update on current risks and implementation plans for delivering the budget. There were detailed discussions on inflation, the cost of change/redundancy, contingencies, council tax, commercial income, capitalisation, the shared services agenda, reserves levels and charging freedoms.

This meeting was attended by Cllr Danny Chalkley (Chair), Cllr Michael Brahams, Cllr Tony Devenish, Cllr Paul Dimoldenberg, Cllr Angela Harvey, Cllr David Harvey, Barbara Moorhouse (Strategic Director of Finance and Performance), Anna D'Alessandro (Deputy Director, Financial Planning), Pete Carpenter (Deputy Director, Finance Operations) and Liza Monaghan (Scrutiny Analyst, Member Services).

### **25<sup>th</sup> January: Corporate/ Central Services**

The first of the themed meetings looked at all the central/ corporate functions including Finance and Performance, Resources, Housing, Communications and Strategy and Legal & Committee Services. Each Chief Officer went through their presentations, highlighting the key areas of risk, how they would meet the budget challenge, and what impact would be felt on the services delivered.

This meeting was attended by Cllr Tony Devenish, Cllr Angela Harvey, Cllr Paul Dimoldenberg, Alex Aiken (Director of Communications and Strategy), Pete Carpenter (Deputy Director, Finance Operations), Anna D'Alessandro (Deputy Director, Financial Planning), Alastair Gilchrist (Strategic Director of Resources), Peter Large (Head of Legal Services), Barbara Moorhouse (Strategic Director of Finance and Performance), Rosemary Westbrook (Director of Housing), Dick Johnson (Head of Finance, Housing), Graham White (Director of Human Resources) and Liza Monaghan (Scrutiny Analyst, Member Services).

### **1<sup>st</sup> February: Built Environment and City Management**

The second of the themed meetings heard presentations from Chief Officers and their Senior Management Teams as to how they were going to deliver services within their funding envelopes. Discussions included how uniquely placed Westminster is, in the impact we have on GDP, the Localism Bill which offers opportunities to set local fees for planning applications, the balance between capital expenditure and revenue pressures and also examined the tri-borough shared services agenda. Members examined the cost recovery model and how cost neutrality could be achieved. Street Management and Premises management savings were noted, as were options on the table for contracted services such as street cleaning and the provision of public conveniences.

This meeting was attended by Cllr Tony Devenish, Cllr Rachael Robathan, Rosemarie MacQueen (Strategic Director, Built Environment), Stuart Reilly (Commissioner, Development and City Planning) David Yeoell (Assistant City Commissioner of Transportation), Leith Penny (Strategic Director, City Management) Jackie Gibson (Joint Head of Commissioning, City Management), Steve Harrison (Operational Director, Premises Management), Dean Ingledew (Operational Director, Street Management) Anil Nagpal (Assistant Director, Finance for Built Environment), Pete Carpenter (Deputy Director, Finance Operations), Anna D'Alessandro (Deputy Director, Financial Planning) and Liza Monaghan (Scrutiny Analyst, Member Services).

Cllr David Harvey, Cllr Michael Brahams, Cllr Jean-Paul Floru and Barbara Moorhouse (Strategic Director of Finance and Performance) gave their apologies.

## **2<sup>nd</sup> February: Adults Services and Children's Services**

The final set of services to be looked at was Adults and Community Services and Children's Services. Officers presented their budget papers highlighting pressure points and risks. Adults Services noted the pressures of the mandatory increase in contribution to London Councils for concessionary fares for older people and highlighted that the major savings were coming from raising eligibility criteria for services from "moderate" to "substantial" needs. A number of discretionary services would close or be cut back. Children's Services similarly are cutting discretionary services, aiming to target services to meet statutory duties. There was much discussion about the value for money we were getting out of our SEN Transport contract. The shared services agenda is fairly advanced in Children's Services and this was discussed in light of finding efficiencies.

This meeting was attended by Cllr Danny Chalkley, Cllr Ian Rowley, Cllr Dr Cyril Nemeth, Cllr Lady Christabel Flight, Marian Harrington (Strategic Director of Adults and Community Services), Cath Attlee (Assistant Director for Joint Commissioning, Care & Health), Chris Moreton (Assistant Director Finance, Adults, Health and Housing), Geoff Skinner (Operational Director, Children, Young People & Families), Angela Drizi (Operational Director, Schools and Learning), Chris Undrell (Assistant Director of Finance, Children's Services) Pete Carpenter (Deputy Director, Finance Operations), Anna D'Alessandro (Deputy Director, Financial Planning), Simon Lewis (Scrutiny Analyst, Member Services) and Liza Monaghan (Scrutiny Analyst, Member Services).

Michael O'Connor (Strategic Director, Children and Young People) and Barbara Moorhouse (Strategic Director of Finance and Performance) gave their apologies.

## **14<sup>th</sup> February: Final Meeting**

This was the final meeting of the Task Group, which looked at the latest Budget position, reviewed the previous themed working groups and discussed their recommendations. Members examined the progress of finding additional savings since the December 17<sup>th</sup> Cabinet paper to close the Council gap at the time. Discussions included the risk and challenge of delivering the cost of change, especially around redundancy. In relation to Area Based Grant reductions, the task group noted that it didn't feel as if it could express a view on these savings as it hadn't been provided with a comprehensive list of the services affected as a result of the cessation of the grant. Officers have since provided this information.

This meeting was attended by Cllr Danny Chalkley (Chair), Cllr Michael Brahams, Cllr Paul Dimoldenberg, Cllr David Harvey, Cllr Dr Cyril Nemeth, Cllr Ian Rowley, Pete Carpenter (Deputy Director, Finance Operations), Anna D'Alessandro (Deputy Director, Financial Planning), Barbara Moorhouse (Strategic Director of Finance and Performance) and Liza Monaghan (Scrutiny Analyst, Member Services).

Cllr Tony Devenish, Cllr Lady Christabel Flight, Jean-Paul Floru, Cllr Angela Harvey and Cllr Rachel Robathan gave their apologies.

**21<sup>st</sup> February 2011:**

Task Group recommendations presented to Cabinet for consideration. Cllr Havery, the Chair of the Finance and Resources Policy and Scrutiny Committee will attend to talk to this item.

**29<sup>th</sup> March 2011:**

A report on the Budget and Performance Task group findings and recommendations will also be presented to the Finance and Resources Policy and Scrutiny Committee.

## **Annex D: Council Tax Resolution**

That the Council be recommended to resolve as follows:-

**1.** That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Act 1992 (the Act), the Council Tax for the areas of the City of Westminster excluding Montpelier Square and the City of Westminster Montpelier Square area, for the year ending 31 March 2012 be as specified below and that the Council Tax be levied accordingly.

**2.** That it be noted that at its meeting on 26 January 2011 the Council calculated the following amounts for the year 2011/2012 in accordance with Regulations made under sections 33(5) and 34(4) of the Act:

**(i)** 129,928.08 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (the Regulations) as the Council Tax Base for the whole of the City Council area for the year 2011/2012  
, and

**(ii)** 90.27 being the amount calculated by the Council, in accordance with Regulation 6 of the Regulations as the Council Tax Base for the Montpelier Square area for the year 2011/2012.

**3.** That the following amounts be now calculated for the year 2011/2012 in accordance with sections 32 to 36 of the Act:-

**(a)** £880,184,966 being the aggregate of the amounts which the Council estimates for the items set out in section 32(2) (a) to (c) of the Act.

**(b)** £644,452,680 being the aggregate of the amounts which the Council estimates for the items set out in section 32(3) (a) to (c) of the Act.

**(c)** £235,732,286 being the amount by which the aggregate at paragraph 3 (a) above exceeds the aggregate at paragraph 3 (b) above calculated by the Council as its budget requirement for the year.

**(d)** £186,610,457 being the aggregate of the sums which it is estimated will be payable for the year into the general fund in respect of redistributed non-domestic rates, revenue support grant and after appropriate transfers between the collection fund and the general fund.

**(e)** £378.07 being the amount at paragraph 3 (c) above less the amount at paragraph 3 (d) above and divided by the amount at paragraph 2 (i) above, calculated by the Council, in accordance with section 33 (1) of the Act, as the basic amount of its Council Tax for the year.



(f) That for the year 2011/12 the City Council determines in accordance with section 35 (2) (e) of the Act, that the amount of £35,000 being the expenses of meeting the levy issued to it by the Montpelier Square Garden Committee shall be the Council's special expenses.

(g) £377.80 being the amount at paragraph 3 (e) above less the result given by dividing the amount at paragraph 3 (f) above by the amount at paragraph 2 (i) above, calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(h) Montpelier Square - £765.53 being the amount given by adding to the amount at paragraph 3 (g) above the amount of the special item relating to dwellings relating to that part of the Council's area mentioned above divided by the amount at paragraph 2 (ii) above, calculated by the Council, in accordance with section 34 (3) of the Act, as the basic amount of its Council Tax for the year for dwellings in that part of its area to which the special item relates.

(i)

<b>BAND</b>	<b><u>MONTPELIER</u></b> <b><u>SQUARE</u></b>	<b><u>ALL OTHER PARTS</u></b> <b><u>OF THE COUNCIL</u></b> <b><u>AREA</u></b>
	£	£
<b>A</b>	510.35	251.86
<b>B</b>	595.41	293.85
<b>C</b>	680.47	335.82
<b>D</b>	<b>765.53</b>	<b>377.80</b>
<b>E</b>	935.65	461.75
<b>F</b>	1,105.76	545.71
<b>G</b>	1,275.88	629.66
<b>H</b>	1,531.06	755.60

Being the amounts given by multiplying the amounts at paragraph 3 (g) and paragraph 3 (h) above by the number which, in the proportion set out in section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with section 36 (1) of the Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted that for the year 2011/2012 the Greater London Authority have stated the following amount in precept issued to the Council, in accordance with section 40 of the Act, for each of the categories of dwellings shown below:-

<b>BAND</b>	<u>GREATER LONDON AUTHORITY</u> £
A	206.55
B	240.97
C	275.40
<b>D</b>	<b>309.82</b>
E	378.67
F	447.52
G	516.37
H	619.64

5. That, having calculated the aggregate in each case of the amounts at paragraph 3 (i) and paragraph 4 above, the Council, in accordance with section 30 (2) of the Act, hereby inserts the following amounts as the amounts of Council Tax for the year 2011/2012 for each of the categories of dwellings shown below:-

<b>BAND</b>	<u>SPECIAL ITEM/ MONTPELIER SQUARE</u> £	<u>ALL OTHER PARTS OF THE COUNCIL'S AREA</u> £
A	716.90	458.41
B	836.38	534.82
C	955.87	611.22
<b>D</b>	<b>1,075.35</b>	<b>687.62</b>
E	1,314.32	840.42
F	1,553.28	993.23
G	1,792.25	1,146.03
H	2,150.70	1,375.24

6. That the Strategic Director, Finance and Performance be authorised to collect (and disperse from the relevant accounts) the Council Tax and National Non-Domestic Rate and that whenever the office of the Strategic Director, Finance and Performance is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised postholder be authorised to act as beforesaid in his stead.

7. That notice of amounts of Council Tax be published.

**8.** That the Council does not adopt a special instalment scheme for Council Tenants.

**9.** That the Council offers as standard the following patterns for Council Tax and National Non-Domestic Rate :- payment by 1, 2 or 4 instalments and that delegated officers have discretion to enter into other agreements that facilitate the collection of Council Tax and National Non-Domestic Rate.

**10.** That the Council does not offer payment discounts to Council Taxpayers.

**11.** That the Council resolve to charge owners for Council Tax in all classes of chargeable dwellings prescribed for the purposes of Section 8 of the Act.