



City of Westminster

# Cabinet Agenda

Title: **Cabinet**

Meeting Date: **Monday 23rd February, 2015**

Time: **7.00 pm**

Venue: **Rooms 5, 6 & 7 - 17th Floor, City Hall**

Members: **Councillors:**

Philippa Roe (Chairman)	Melvyn Caplan
Heather Acton	Danny Chalkley
Nickie Aiken	Robert Davis
Daniel Astaire	Rachael Robathan
Richard Beddoe	Steve Summers

**Also Present:**  
Councillor Tim Mitchell

**Members of the public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda**

**Admission to the public gallery is by ticket, issued from the ground floor reception at City Hall from 6.00pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.**



**An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Mick Steward, Head of Committee and Governance Services.**

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Corporate Website: [www.westminster.gov.uk](http://www.westminster.gov.uk)**

**Note for Members:** Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Head of Legal & Democratic Services in advance of the meeting please.

## **AGENDA**

### **PART 1 (IN PUBLIC)**

**1. WELCOME**

**2. DECLARATIONS OF INTEREST**

To receive declarations by Members and Officers of the existence and nature of any personal or prejudicial interests in matters on this agenda.

**3. MINUTES (15.12.14)**

To approve the minutes of the meeting held on 15 December 2014.

**(Pages 1 - 4)**

**4. EARLY YEAR'S STRATEGY**

Report of the Tri-borough Director of Children's Services.

**(Pages 5 - 52)**

**5. 2015-16 TO 2017-18 BUDGET AND COUNCIL TAX REPORT**

Report of the City Treasurer.

**(Pages 53 - 146)**

**6. TREASURY MANAGEMENT STRATEGY FOR 2015-16 INCLUDING PRUDENTIAL INDICATORS AND STATUTORY BORROWING DETERMINATIONS**

Report of the City Treasurer.

**(Pages 147 - 168)**

**7. COUNCIL'S PAY POLICY 2015-2016**

Report of the Director of Human Resources.

**(Pages 169 - 176)**

**8. ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT**

**Peter Large**  
**Head of Legal & Democratic Services**  
**13 February 2015**



CITY OF WESTMINSTER

## MINUTES

### Cabinet

#### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Cabinet** Committee held on **Monday 15th December, 2014**, Rooms 5, 6 & 7 - 17th Floor, City Hall.

**Members Present:** Councillors Philippa Roe (Chairman), Heather Acton, Nickie Aiken, Edward Argar, Daniel Astaire, Melvyn Caplan, Danny Chalkley, Rachael Robathan and Steve Summers

**Also Present:** Councillor Tim Mitchell

**Apologies for Absence:** Councillor Robert Davis

#### 1 WELCOME

The Leader welcomed everyone present.

#### 2 DECLARATIONS OF INTEREST

Councillor Tim Mitchell declared a non-prejudicial interest in respect of Item 4 as Governor of Millbank Academy.

#### 3 MINUTES (13.10.14)

3.1 **RESOLVED:** That the minutes of the meeting held on Monday 13 October 2014 were approved as a correct record and signed by the Chairman accordingly subject to Councillor Tim Mitchell being added to the list of Members present.

#### 4 CHILDREN AND FAMILIES ACT: IMPLEMENTATION PLAN (SEE REPORT OF THE TRI-BOROUGH EXECUTIVE DIRECTOR OF CHILDREN'S SERVICES)

4.1 Andrew Christie, Tri-borough Executive Director Children's Services advised that the report set out a summary of the Children and Families Act which came into effect from September 2014.

- 4.2 Councillor Danny Chalkley drew attention to the list of the Tri-borough special schools attached to the report. He thanked the officers for the work in seeing the implementation of the Act through to this stage.

**RESOLVED:**

That the initial eligibility guidelines, for formal implementation during the academic year 2014/15 be approved.

**5 HOUSING INVESTMENT STRATEGY (SEE REPORT OF THE EXECUTIVE DIRECTOR GROWTH, PLANNING AND HOUSING)**

- 5.1 Ben Denton, Executive Director of Growth, Planning and Housing introduced the report. The report presented the Housing Investment Strategy and thirty-year Housing Revenue Account (HRA) Business Plan beginning 2015/16. The City Council's investment plans are ambitious and will deliver a range of lasting benefits for the City, its residents and the City Council. They will allow the City Council to realise much of its Better Lives ambition; leveraging the value of our land assets to bring forward investment and ladders of opportunity for residents and business in Westminster's poorest neighbourhoods.
- 5.2 Councillor Daniel Astaire advised that the report reflected part of a basket of regeneration projects not just physical, currently programmed. The Leader also spoke in favour of the programme.

**Resolved:**

- (i) That approval be given to the indicative HRA major works capital programme budgets for 2015/16 to 2019/20 (paragraph 6.1 and Appendix C of the report).
- (ii) That approval be given to the indicative Housing Renewal Investment Programme budgets for 2015/16 to 2019/20 (Appendix C of the report).
- (iii) That approval be given to the indicative housing non-delegated programme budgets for 2015/16 to 2019/20 (Appendix C of the report).
- (iv) That approval be given to the creation of an earmarked reserve of £10m towards the development of small scale infill schemes on council housing estates to be funded from HRA reserves (paragraph 8.3 of the report).
- (v) That approval be given to the creation of an earmarked reserve of £5.1m plus any underspend from 2014/15 to fund existing and proposed business transformation investment funded from underspends on the allocated business transformation budget (paragraph 8.4 of the report).

- (vi) That approval be given to the application of a DCLG Growth Bid funding towards the Tollgate Regeneration Scheme in line with requirements of the bid (paragraph 7.5 of the report).
- (vii) That the wide-ranging benefits to be delivered through the proposed HRA investment programmes be noted.

### **Reasons for Decision**

Adoption of the Business Plan and Investment Strategy will enable the council to invest in maintaining and improving the existing stock of homes and neighbourhoods, while also delivering wider benefits to the city's residents and businesses. The financial plan will ensure the housing stock continues to meet the housing needs with which we are faced; and ensure the HRA is sustainable and viable over the long term.

## **6 COUNCIL TAX BASE 2015 - 2016 (SEE REPORT OF THE CITY TREASURER)**

6.1 Steven Mair, City Treasurer, introduced the report. He explained that the report set out the tax base calculation together with the Council Tax discounts and the Council Tax Reduction Scheme. These were as last year.

### **6.2 Resolved:**

- (a) That the Council be recommended to approve the following recommendations for the financial year 2015/16:-
  - (i) that the Council Tax discount for second homes, remains at 0%;
  - (ii) the Council Tax discounts for empty properties, including the discounts that replaced the previous Class A and C Council Tax exemptions, remain at 0%;
  - (iii) that a Long Term Empty Property Premium is not introduced;
  - (iv) that no new "local" discounts be introduced at this stage;
  - (v) that the Head of the Shared Service Centre determines any individual local discount applications from vulnerable Council Taxpayers received during the course of the 2015/16 financial year under Section 13A (1) (c) of the Local Government Finance Act 1992.
- (b) That the Cabinet recommend the Council to approve the same Council Tax Reduction Scheme for 2015/16 as operated in 2013/14 and 2014/15, which is based on the Default Scheme Regulations but that War Disabled Pensions, War Widow Pensions and Armed Forces Compensation scheme payments are disregarded in full when calculating a claimant's income.
- (c) That Full Council be recommended to resolve that the Council Tax Base for 2015/16 for the Whole City is 121,890.83 equivalent Band D properties for Montpelier Square alone 94.16 equivalent Band D properties and for Queens Park 3156.38 equivalent Band D properties.

- (d) That the Council be recommended to resolve that the figures set out above for the Council Tax Base for 2015/16 be used by the Council to make a determination pursuant to the requirements of the Local Government Finance Act 1992 when setting the 2015/16 Council Tax.

**Reason for Decision:**

To comply with statutory requirement.

**7 ADULTS SAFEGUARDING ANNUAL REPORT (SEE REPORT OF THE TRI-BOROUGH EXECUTIVE DIRECTOR)**

- 7.1 Liz Bruce, Tri-borough Executive Director, Adult Social Care, advised that Cabinet endorsement was requested to the approach set out in the report.

**Resolved:**

That the approach the SAEB is taking to fulfilling its purpose outlined above, and lend support to its priorities for 2014/15 be endorsed.

**Reasons for Decision**

The risk to individuals, to communities and to the reputations of organisations of adult safeguarding not being properly lead and managed, as evidenced in recent national enquiries, is such, that the work of the SAEB needs to be scrutinised, understood, supported and challenged. This will ensure that arrangements remain sound and that real and potential risks, particularly to those people with care and support needs, are identified and mitigated.

**8 CLOSE OF MEETING**

The Meeting ended at 7.13pm.

**CHAIRMAN:** \_\_\_\_\_

**DATE** \_\_\_\_\_



City of Westminster

## Cabinet Report

<b>Meeting or Decision Maker:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>23 February 2015</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Service Proposals for Early Help</b>
<b>Wards Affected:</b>	<b>All</b>
<b>Better City, Better Lives Summary</b>	<b>These proposals contribute to the BCBL priority to support “Strong, responsible families which give every child the best start in life”</b>
<b>Key Decision:</b>	<b>This report includes Key Decisions and has been included in the Forward Plan of Key Decisions</b>
<b>Financial Summary:</b>	<b>Please see paragraph 9 for full details</b>
<b>Report of:</b>	<b>Andrew Christie, Executive Director of Children’s Services</b>

### 1. Executive Summary

This report presents a number of proposals to change service provision in relation to the delivery of three key aspects of Westminster’s “early help” offer. The service areas considered are Children’s Centres, play/after school childcare and youth provision. The proposals are informed by the City Council’s Early Help Strategy and have been formulated following significant consultation and engagement with residents and service users as well as key stakeholders and partners.

## **2. Recommendations**

### **2.1. That the Cabinet:**

- Considers the responses to the consultation as set out in Appendix A and summarised in paragraph 5.3 of the report.
- Agrees new service arrangements are implemented for the delivery of Children's Centre services to ensure that they are focused on children and families most in need, and support the expansion of the City's 2 year old early education programme, as set out in paragraph 6.4.
- Agrees that the Council's play service provision is transitioned to new schools or third sector providers to implement a sustainable service model, providing both universal and targeted play services in response to local needs. Such providers will either be schools, third sector providers or a combination of the two, with the decision on which organisations will provide being delegated to the Executive Director of Children's Services;
- Agrees that Youth services are reorganised and recommissioned to deliver a hub and spoke service arrangement that provides both universal and targeted support for young people across the City;
- Delegates to the Executive Director for Children and Young People authority to agree any further operational changes required in order to implement these decisions.

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

- 3.1.** New service arrangements are necessary in order to support the delivery of the Council's Early Help strategy and ensure that resources and support for children, young people and families are focused to meet local and individual needs whilst securing the improvement of outcomes and life chances.
- 3.2.** Local authorities have a duty under the Childcare Act 2006 to consult before opening, closing or significantly changing Children's Centres. To address this duty, a significant number of consultation opportunities were made available, including a survey in a range of formats, public consultation meetings including family support outreach workers available to offer translation in key community languages as well as engagement with key professional stakeholders. Individual responses were received along with a number of petitions. The feedback from these has been taken into account when reviewing the initial proposals.



#### **4. Background, including Policy Context**

- 4.1.** The funding the Council receives from the Government is reducing and the Council needs to save £100m over the next five years. To meet this challenge, the Council is refocusing its services to those who need support most by identifying opportunities to work closer with our partners to deliver joint services and encouraging and enabling communities to become more self-supporting.
- 4.2.** To continue the Council's commitment to offering high quality, effective services to the families and young people in Westminster most in need of support, the City Council needs to make some changes to the services for children and young people. These changes are embedded in our Early Help Strategy which is to develop integrated services across the Council and our partners at defined points in a child's health and development. This is in order to identify and support families at the earliest point so as to prevent the escalation of needs to a level that requires more intensive support and higher cost service interventions. This strategy was developed with key stakeholders and partner agencies, including representatives of Westminster's voluntary and community sector, health partners and schools. Young people and parent representatives were also involved in its development.
- 4.3.** To achieve this we will focus our services to those most in need and bring a range of support together to make it easier for families and young people to get the appropriate help, whether it is parenting and family support, employment, health or childcare support. Working in this way will allow us to make the most of the money we have available and will deliver better outcomes for families.
- 4.4.** Localities where there are higher levels of need and particular children and young people will be targeted by our early help services to include those who are at risk of poor outcomes in relation to:
- children's health (e.g. not reaching their milestones at the 2 year development check, children with disabilities, those at risk of developing mental health issues, young carers, young people who misuse substances);
  - parenting (children living with parents who have a range of issues which might affect their ability to parent, young parents and pregnant young women);
  - education (children with poor school attendance, at risk of exclusion from school or difficulties transitioning to a new school, those with learning difficulties or disabilities, those who are not in education, employment or training (NEET) or at risk of becoming NEET);

- exposure to violence (including domestic violence and abuse, young people involved in gangs or serious youth violence or at risk of engaging in violent extremism);
- being at risk of criminal behaviour or who are victims of crime; children who go missing, are at risk of exploitation, or are on the edge of care;
- Services will also be provided to meet the needs of children and young people who are:
  - lesbian, gay, bisexual, transgender, questioning or intersex (LGBTQI);
  - looked after or care leavers

**4.5.** Working with families and our partner organisations, we have developed a shared understanding of the challenges the Council faces and shaped the future of these services together. Listening to their feedback and finding out what support they value, we have developed proposals to improve the lives of the families, children and young people who need it.

**4.6.** The Early Help Strategy and the process leading to the proposals in this report were considered by the Children, Sport and Leisure Policy and Scrutiny Committee on 26 January 2015. The Committee acknowledged that the consultation had been widely publicised throughout Westminster and the level of engagement by parents, youth groups and young people through the organised workshops and the on-line surveys had been good. The Committee also acknowledged the importance of introducing an integrated pathway in order to publish an early years offer to families with children aged 0-5 so they could see what was available to them. Other observations included the importance of identifying and working with families in need, especially encouraging them to sign up for 2 year old early education places, the benefits of changing the balance towards a more targeted service and the importance of effective communication and partnerships between key partners.

**4.7.** Subsequent to these observations, work is taking place to publish to parents and carers a clear overview of what services are available according to children's levels of need and how we work as a whole system to deliver coordinated packages of support. A common assessment will also be agreed for all services to identify the support needed. Further strategies are being developed to follow up families who might benefit from the two year old offer, enhanced by outreach work from the children's centre hubs.

## **5. Consultation and Engagement**

- 5.1.** A process for consultation and engagement on the Early Help strategy was developed focusing on providing clear messages around each of the proposed service changes. The proposed changes to Children's Centre services required a statutory consultation whilst the City Council also engaged with key audiences on other service changes so that parents, young people and providers could shape the services with the City Council.
- 5.2.** An overview of messages from the consultation and engagement exercises are included in Appendix A) and more detailed reports are available.
- 5.3.** All consultation responses and correspondence related to these proposals have been reported to the Cabinet Member for Children's Services.
- 5.4.** Key themes which emerged were as follows:

### **Children's Centres**

- Residents from a wide range of social backgrounds use Children's Centres, valuing this provision and its staff;
- "Stay and Play" sessions are valued and should be available in convenient locations;
- There were mixed views about targeted two year old early education places with some respondents feeling that targeting families who were eligible was positive while others had concerns about the eligibility criteria;
- There is a need to improve how information about early years services is promoted.

### **Youth Provision**

- Services should be based on, and be responsive to the needs of young people aged 11-19;
- Youth services should maintain a balance between universal and targeted provision while young people should not 'feel' like they are being targeted;
- Stakeholders agreed that the "hub and spoke" model would work well, in order to deliver a balance of universal and targeted provision, although they acknowledged this would require close partnership working in order to be successful;
- There should be an agreed and consistent method for monitoring and evaluating outcomes;

- Youth services should not become part of locality social work teams and should also remain separate from schools. The value and different approach of youth work should be recognised and developed.

### **Play provision**

- The low cost of attendance, the consistency of staffing and the quality of the sessions were the most important aspects of the services that should be retained following any reorganisation;
- The majority of those responding to a users' survey felt a play service offer should be maintained but also recognised the necessity of a reduction in the subsidies available;
- While there was a general concern about potential fee increases, there was a wish for continuity of staffing and a range of activities to be provided.

## **6. Children's Centres**

**6.1.** The proposed re-shaping of Westminster's Children's Centres takes place within the context of a wider vision for early years services, termed the *Best Start in Life*. The vision is to create one integrated early years pathway with universal, targeted and enhanced components while providing greater clarity for parents about the early years service 'offer' and bringing together the Healthy Child Programme and the Early Years Foundation Stage. Children's Centres are an integral part of this pathway.

**6.2.** The key principles informing the redesign of Children's Centres are:

- to achieve greater integration between organisations as outlined in the Early Help Strategy and 'Best Start in Life' service model so that we can identify need as early as possible and make it easier for parents to access coordinated health, childcare, education, training and employment services;
- to do this by ensuring that our resources and effort are targeted effectively, and to agreed priorities, in terms of the children and families who need our help the most and the outcomes we most need to improve;
- to deliver more free 2 year old early education places within Children's Centres as a way of targeting these families more effectively;
- to achieve savings across the service whilst improving outcomes for the children and families at risk of the poorest outcomes.

**6.3.** The service proposals are made within the following context:

- Some Children’s Centre services at some sites are undersubscribed and/or are not being used by the families we most need to engage with;
- Our duty to identify families who meet the eligibility criteria for free 2 year old early education places. There is currently a shortfall in local provision of these places (799 eligible families and a shortfall of 195 places);
- The need to maintain accessible services for all families, whilst also ensuring further support is available for those who need our help most;
- The need to ensure that money is effectively targeted where it makes most difference to the lives of local families, through the commissioning and delivery of evidenced based services and effective operational practice.

**6.4.** It is proposed that:

- All current Children Centre sites will remain open but some will be used in new ways, such as the expansion of the City’s childcare programme to better meet local needs and to reach those children most at risk of poor outcomes;
- Commissioned Children’s Centre services, such as family support currently delivered through outreach, parenting, speech and language therapy services and domestic violence support programmes will be retained. The delivery of a more intensive parenting offer to families most in need of support will be implemented as a part of an ‘enhanced’ pathway;
- The creation of a new jointly appointed post, between Central London Community Health (CLCH) and Westminster City Council, to develop the integrated early years pathway and coordinate the approach across all partners, working with children and families;
- A reduction in the number of open access “Stay and Play” sessions at some Children’s Centres in areas where there is the most need to preserve targeted services. There will still remain a good network of these across the City, especially when considered alongside similar sessions provided by the voluntary sector;
- Further work to take place in relation to promoting the early years offer to parents and carers. This will include engagement with parent forums in each locality;
- Implementation of new arrangements for back office support;
- A target date of April 2015 for changes to become operational.

- 6.5.** Following consultation, changes have been made to the initial proposals. For example, space has been identified to provide one stay and play within Essendine School and quotes are being sought with the aim of providing a service at another site. We had previously proposed a complete replacement of this provision with two year old early education places. The school and parents will be consulted regarding their preferred times and days.
- 6.6.** A table detailing proposed changes to the original model are included in Appendix C.

## **7. Youth Provision**

- 7.1.** Community based services are uniquely placed to engage and support children and young people. Westminster City Council commissions youth services across the borough to provide activities that are fun and engaging. The majority of these services are youth clubs, mainly in estates across the borough, particularly in the north east and north west of Westminster.
- 7.2.** The Children's Services youth programme is currently commissioned from the third sector, with contracts due to reach the end of their term on 30<sup>th</sup> September 2015. The proposal is to extend the current contract for six months so that there is sufficient time to commission new locality based services from April 2016. This will ensure that there is no gap in provision. The Council will review existing service arrangements before recommissioning these services to ensure that these are aligned to needs and deliver strong outcomes.
- 7.3.** Other than services commissioned by Children's Services, the City Council delivers or funds services for children and young people through libraries and sports. This includes EDUTAIN, a holiday camp programme for children and young people, specialising in work with those who have disabilities and a range of Neighbourhood Sports Clubs along with the ActiveWestminster Passport programme and Champions of the Future.
- 7.4.** Additional services and activities are provided in schools, through the Early Help Localities Service, housing providers, the voluntary and community sector, uniformed groups, arts, sports and leisure providers and national initiatives such as the Duke of Edinburgh Award scheme and the National Citizens Service.
- 7.5.** A number of independent organisations provide additional services. Sportwestminster is a Community Interest Company providing educational and training opportunities through access to sport. Registered Social Landlords such as CityWest Homes, Octavia and Peabody also operate a range of services including youth clubs and estate based outreach. For example, CityWest Homes, who manage the City Council's 22,000 residential properties are commissioned to deliver youth services in the South of the borough. Meanwhile there are a number of wider services to children and young people directly

funded by CityWest Homes across the borough including targeted estate based provision and support into employment.

**7.6.** Such bodies could also be potential providers of services commissioned in the future.

**7.7.** Following engagement, it is proposed that:

- Early Help Youth services should be delivered through a locality based 'Hub and Spoke' model providing both universal, targeted and specialist activities and support to young people across the City;
- Targeted services will be focused to meet higher levels of need in key wards (such as Church Street, Queens Park, Harrow Road and Westbourne, Churchill wards);
- The future youth services programme will be accessible to young people from the ages of 11-19, or up to the age of 25 for disabled young people or those with learning difficulties;
- Each locality service will offer targeted and flexible activities in the community "spokes", delivering a network of activities that will engage young people across Westminster;
- Support for young people with additional needs will be available within both universal and targeted provision, and in addition, specialist services will be commissioned such as in schools, through detached youth work or smaller estate based projects;
- A borough wide positive activities holiday programme will also be commissioned during Easter, Summer and the October half term school holidays, extended to other key periods according to need. It is anticipated that a single provider will co-ordinate the programme.
- The services will be planned and delivered in collaboration with young people and the schools and other services. Providers will also be expected to work with children and young people to inform service design and development.

**7.8.** The proposals above will deliver a high quality and flexible service that meets both universal and targeted needs across the City.

## **8. Play Provision**

**8.1.** School-based childcare and play provides a service which supports working families. There is currently a range of provision in Westminster including seven after school play centres provided by Westminster Play Service in five primary

schools and two community sites. Holiday childcare and play services are offered to clusters of schools from some of these sites.

- 8.2.** St John's Wood Adventure Playground and the Westminster Society also provide play and childcare (including some services for children with additional needs or disabilities) although without core funding or a contract from the Council. Four other primary schools either manage their own childcare and play services or secure a third sector provider to deliver childcare at their schools, at no cost to the Council.
- 8.3.** An additional source of after school provision is available through childminders, although these are often more expensive than play provision. Extended families are a further provider of care.
- 8.4.** In line with the objectives of the Early Help Strategy which include revising our service model of investment in universal services in line with priority outcomes, we have reviewed play provision and found that the existing in-house service has relatively high management and administrative costs compared with other ways of providing the service. The majority of local authorities no longer directly provide such services and there are examples of nearby boroughs which have transferred management of such services to schools or third sector providers over a number of years with evidence that the schools have subsequently established effective models of provision. There are already four schools successfully providing such good quality services in Westminster at no cost to the City Council. There are also examples of schools working in partnership with external providers leading to additional opportunities for income generation, enterprise and innovation, and links to other organisations.
- 8.5.** There is potential for existing Westminster Play Service staff to seek to establish new social enterprises that could be in a position to bid for future third sector contracts following implementation of the service proposals outlined below.
- 8.6.** Changes are therefore proposed to the model through which play and after school care services are provided to ensure that services are sustained to ensure continued provision for families across the City.
- 8.7.** It is proposed that:
  - The management of after school childcare services should be transferred to school governing bodies from September 2015 where schools have indicated they wish to manage these directly. The services will continue to be provided by the Council until April 2016;
  - External providers are commissioned for the delivery of targeted play and childcare services where schools decide not to take on the management responsibilities for these services by April 2016. These providers will also be responsible for the delivery of universal play services;



- A targeted play place scheme is established and commissioned to ensure continued access to play and childcare services for children in need, including support for families on low income that cannot access other childcare subsidies;
- Transitional funding is allocated for a maximum of 2 years from April 2015 to support the creation of good quality sustainable childcare and play services.

8.8 Some support for the current service model was identified within responses to the engagement process. The proposals above are recommended as providing the best approach to achieve a suitable service model that ensures that support is focused to meet the needs within the reduced funding available to the Council.

## 9. Financial Implications

9.1. The table below summarises the Medium Term Plan savings proposed for the three years from 2015/16. These are as a result of the three aspects of the Early Help strategy covered by this decision report.

Service Proposal	Savings Proposed (£,000s)			
	2015/16	2016/17	2017/18	Total
Children's Centres	474	191	0	665
Youth Provision	125	197	0	322
Play Provision	152	170	30	352
<b>Total</b>	<b>751</b>	<b>558</b>	<b>30</b>	<b>1,339</b>

### Service proposals for Children's Centres

9.2. The combined Children's Centre budget, including commissioned services is £2,796k. From this, savings of £474k are proposed to be achieved in 2015/16, with a further £191k in 2016/17 being taken from other early years commissioning budgets. A total proposed saving from early years of £665k over the 2 financial years. In summary, it is proposed that year one savings will come

from Children's Centre delivery budgets and year two savings from the commissioned services budgets

- 9.3. In 2015/16, it is proposed that savings will be achieved from a reduction in staffing, property and other overhead budgets, including Children's Centre management costs. An investment of £62k is to be made in the creation of an Early Years Systems Change Lead post, which will be partly funded in partnership with Public Health.
- 9.4. Where we are instead able to increase or offer targeted 2 year old places, these will be funded by the Dedicated Schools Grant.

#### **Service proposals for Youth Provision**

- 9.5. Locality budgets will be divided between universal 'hub' provision and targeted 'spoke' provision. This will be dependent on need and subject to change according to need as identified and agreed between provider and commissioners.
- 9.6. The current Youth provision budget is £796k. Savings have been identified for £125,000 for 15/16 and £197,000 for 16/17. The current contracts expire in September 2015 but extensions will be sought to 31<sup>st</sup> March 2016. To achieve the savings required for 15/16, both the current contacts and extensions will be (re)-negotiated to fit within the budget available. The new contracts will be let from 1<sup>st</sup> April 2016 for a period of two years and at a maximum total value of £474,112

#### **Service proposals for Play Provision**

- 9.7. Currently all school-age childcare places for working families are subsidised by the Council. In future, available funding will be focused on targeted places for children in need and for some families on low income, delivering savings to the Council.
- 9.8. Westminster currently provides £453k of funding for the Play Service. From this, proposed savings of £152k are to be achieved in 2015/16, with a further £170k in 2016/17 and £30k in 2017/18, a total of £352k over the 3 financial years. This will leave £101k of targeted funding for places for children in need and families on low incomes. Savings of £152k in 2015/16 will be delivered as a result of proposals in this paper.
- 9.9. From 2015/16, the delivery of the Play service will transition to schools and third sector organisations. It is envisaged that transition funding will be available to those providers, thus enabling the savings to be made over the period 15/16 - 17/18. In advance of the transfer, the in house service will reduce costs and increase efficiencies in the current service.

## **10. Legal Implications**

**10.1.** The City Council is fulfilling its duty to secure sufficient provision under the Apprenticeships, Skills, Children & Learning Act 2009. The Childcare Act 2006 requires that an English local authority must secure such consultation as they think appropriate is carried out before:

- making arrangements for the provision of a children's centre, i.e. before establishing a new children's centre;
- making any significant change in the services provided through an existing children's centre;
- doing anything which would result in a children's centre ceasing to be a children's centre, i.e. either closing it or reducing the services provided to such an extent that it no longer meets the statutory definition of a Sure Start Children's Centre.

**10.2.** The City Council has undertaken consultation exercise on children's centres under the Childcare Act 2006 and also choose to consult and engage with the community and key stakeholders on proposals for the Youth Service and Play Service. The responses to these consultations have been properly considered and are summarised in paragraph 5.3 and Appendix A The responses to the consultations must be carefully taken into account before any decision on the proposals contained in this report can be taken.

## **11. Staffing Implications**

### **Service proposals for Children's Centres**

**11.1.** Proposed changes to Children's Centre provision will lead to the total establishment of Local Authority employed Children Centre staff reducing from 9 full time equivalent to 4 full time equivalent. 10 members of staff will be potentially vulnerable to redundancy, with a maximum of 5 actual redundancies. There will also be an impact upon some staff employed by nursery schools.

### **Service proposals for Youth provision**

**11.2.** There are no staffing implications for City Council staff resulting from these proposals as current services are provided by external organisations. TUPE could apply depending on who wins contracts and where they deliver but this would be addressed as part of the contract award and implementation process.

### **Service proposal for Play provision**

**11.3.** Where childcare services are currently provided by the in-house service and transferred to a community school, TUPE will not apply because there is no change in employer. If a school is unable to accommodate all eligible staff within the new model of delivery then a re-organisation/redundancy process

would be required. The Council would be liable for redundancy costs arising from the transfer of services. Consideration will also need to be given to the existence or absence of any mobility clauses in the contracts of employment.

- 11.4.** TUPE will apply if an in-house service transfers to a voluntary-aided school, an academy or free school, or a third sector provider, this would be deemed a Service Provision Change (SPC). This is likely to be the case for a number of the existing in-house play centres. In order for TUPE to apply to a SPC there must be an organised grouping of employees (or even a single employee) which before the change had as its principal purpose, the carrying out of the relevant activities on behalf of the Council. The new TUPE 2014 provisions states that the activities must be fundamentally the same. All staff transferring would transfer on the same terms and conditions of employment.
- 11.5.** A programme of staff information and consultation will be implemented following this decision. This will include consultation on the transfer and redundancies of all staff affected whether or not they are vulnerable to transfer or redundancy.

## **12. Consultation**

- 12.1.** A strategy for consultation and engagement on the early help strategy was developed, focusing on providing clear messages around each proposed service change. This was also developed for each of the service areas to provide clear, consistent and targeted information to key audiences. Three consultations were run separately allowing a focus on the content of the proposals and enabling parents and providers to offer comment and feedback.
- 12.2.** The Childcare Act 2006 as amended by The Apprenticeships, Skills, Children and Learning Act 2009 contains specific statutory duties about consulting about significant changes to Children's Centres. Such consultation has therefore happened in respect of Children's Centre service changes. Consultation and engagement exercises also took place in relation to changes to Play and After School Care and youth provision. Therefore there were a range of opportunities to work with parents and providers to shape the services together.
- 12.3.** Please review the Early help strategy – Consultation and Engagement Summary in Appendix A.

## **13. Equality implications**

- 13.1.** The City's Early Help Strategy aims to improve the lives and life chances of children, young people and their families by providing assistance and support that can be better tailored to needs and can help to prevent issues from escalating or worsening.

- 13.2.** These proposals will ensure that our most vulnerable families and young people will continue to be supported. The City's Children's Centre offer will be more integrated and more clearly communicated with parents and carers, Play Services will be in a position to target those who require additional support and Youth services will likewise be adapted so that provision can meet higher level of needs in particular wards, as well as ensuring that more universal services are accessible to all.
- 13.3.** The Equality Impact Assessment considers the current use of provision and the extent to which it benefits people with different protected characteristics. By targeting provision to need, the services will be better placed to identify and respond to those situations where protected characteristics can act as a barrier to accessing and benefitting from services and outcomes.
- 13.4.** A full Equality Impact Assessment of these proposals has been conducted and is included as Appendix B.
- 13.5.** The public sector Equality Duty came into force on 05 April 2011. The Equality Duty replaces the three previous duties on race, disability and gender, bringing them together into a single duty, and extends to cover age, sexual orientation, religion or belief, pregnancy or maternity and gender reassignment.
- 13.6.** The new Equality Duty covers the following protected characteristics:
- Age
  - Disability
  - Gender reassignment
  - Pregnancy and maternity
  - Race – this includes ethnic or national origins, colour or nationality
  - Religion or belief – this includes lack of belief
  - Sex
  - Sexual orientation
- 13.7.** The Equality Duty has three aims. It requires public bodies to have due regard to the need to:
- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
  - Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
  - Foster good relations between people who share a protected characteristic and people who do not share it.
- 13.8.** The City Council has had due regard to its equality duty throughout this process.

**If you have any queries about this Report or wish to inspect any of  
the Background Papers please contact:**

*Steve Bywater, Policy Manager, 020 8753 5809*

**BACKGROUND PAPERS:**

Westminster City Council Early Help Strategy 2014-18

## **Service Proposals for Early Help - Appendix A Consultation and Engagement Summary**

### **1. Consultation and engagement strategy**

- 1.1** Engagement was led through meetings with service users, as well as meetings with local professionals and providers. At these meetings the proposals or options were presented and discussions initiated to engage the audience and gather feedback and comment. For all three service areas, online and printed surveys were created to provide those unable to attend the meetings with an opportunity to provide comment.
- 1.2** Play and Children Centre information events and online and paper surveys were promoted through writing to all service users inviting them to events and view and comment on the proposals online. Posters and flyers were produced for the Children Centre consultation and distributed across the city. Information was also made available through the Council website, and included in Council e-newsletters. The consultation was included in the Council's *Reporter* magazine which goes to every home in Westminster. The youth service engagement was conducted through focus groups with providers and young people at youth clubs. An online survey was also promoted to gather evidence on the needs of young people.
- 1.3** Councillors were kept informed through regular updates ahead of and during the consultation and engagement. They were also invited to a separate briefing and the parent meetings. Council staff were informed of the consultation and engagement via email and the intranet and encouraged to help raise awareness of events and surveys amongst parents.

### **2. Children's Centres**

- 2.1** The Children's Centre consultation webpage received over 1,700 visits during the period of consultation with people spending nearly three minutes a visit on the page which is considered sufficient time to read the information thoroughly. Over 330 responses to a survey were received from parents and carers. For the public consultation meetings, there were approximately 145 attendees, with family support outreach workers available to offer translation in key community languages.
- 2.2** Key themes of the response to the survey and wider consultation were:
- Children's centres are highly valued by all who use them, regardless of social position.
  - A concern about the potential impact of proposed changes on social integration and that services should not be arranged only using socio economic criteria.
  - A concern about the impact of the proposed changes upon those who might not be eligible for future services

## 2.3 Particular issues identified were:

### **Approaches to consultation**

- Some participants had queries about how the proposals were created, wanting to have been involved more in this, prior to the consultation. Meanwhile some service user misunderstood key details of the proposals assuming that particular children's centres were to close completely.
- A query whether sufficient research into the needs of current service users had been carried out, and therefore was there a sufficient understanding of the impact should the services be withdrawn.
- It was pointed out that online surveys may not be appropriate for service users who do not have internet access or the necessary literacy skills. Others felt that there could have been more clarity about plans for individual children's centres, as this was not immediately clear on the council website.

### **Stay and Play**

- Stay and Play drop-in sessions were the most popular response when parents and carers were asked about which services they found most useful. It was felt that these needed to be open to all and in geographically convenient locations – many parents stated that they could not travel for half an hour for such a service and were concerned that in the future sessions would be oversubscribed with the possibility of parents being turned away. A number of participants recognised the need to target services to those most in need but some suggested that they would be willing to pay for Stay and Play if this helped to maintain the service.

### **Two year old early education places**

- Some respondents felt that the eligibility criteria was restrictive. It was suggested that reducing sessions open to a wider age group and replacing these with sessions which only 2 year olds can use might have a negative impact on non-eligible families. It was queried whether targeted families would access the 2 year old places and whether 15 hours of provision a week would help parents back to work

### **Other services**

- While some other private and voluntary provider sessions are available there was a preference for the quality of children's centre services. While some respondents acknowledged other under-fives provision in the local area, it was felt that there were limited services for those with children aged 0 - 12mths. Fathers and male carers participated in the consultation voicing their support of the fathers groups which they felt were a good introduction to other universal services.
- A perceived lack of information about under-fives services in general was cited with criticisms of what was available through the local authority website and lack of awareness of the Family Information Service. However, in



contrast, of those that completed the survey, 57.7% felt well informed about the services and benefits that children's centres provide.

Detailed records of the meetings and a summary report of the responses to the survey are available.

## **2.4 Stakeholder Events**

A series of meetings with stakeholders took place to consider key themes such as the 2 year old offer; Alternative use of Children's Centre sites; the integrated early years pathway; Targeted and enhanced service offers; the role of the proposed System Change Leader; mitigation of the potential impact of changes on families. A detailed summary of these meetings is available.

## **2.5 Petitions**

Two petitions were presented to the Council in relation to the following children's centres:

### **Queensway (35 signatures)**

"Please we are asking to keep the centre open all days a week as it is now. Please do not reduce the days the centre is open. You do nothing good for all our children's future"

### **Micky Star (62 signatures)**

"We the parents/carers and children who use the children's centre strongly petition WCC to keep this valuable and essential service open"

## **2.6 Emails and other correspondence**

15 of emails or letters were received in relation to 4 children's centres as follows (one contact referred to two centres):

Harrow Road (4 contacts)

Marsham Street (7 contacts)

Micky Star (1 contact)

Queensway (2 contacts)

### **Key themes of this correspondence were:**

- Concern about reduction in or ending of stay and play facilities;
- Potential impact on families who may not be targeted;
- Perceived unsuitability or inaccessibility of alternative services;
- General concern about perceived reductions in services and clarity about which service are being removed or reduced.

### **3. Play and After School Care**

#### **3.1 Survey**

A survey was carried out online, between January 23<sup>rd</sup> and February 3<sup>rd</sup> 2015, receiving 40 responses.

#### **3.2 Engagement Events**

Six facilitated events took place to engage directly with service users as follows:

Bayswater centre (8 service users attended)

Essendine centre (16 service users)

Queens Park and Wilberforce centre (94 service users)

St Clement Danes centre (10 service users)

St Matthews centre (4 service users)

Sussex Street centre (2 service users)

A detailed write-up of each of these events is available on request.

#### **3.3 Engagement and Consultation responses**

**3.4** The webpage received over 300 visits with people spending nearly five minutes a visit on the page which is considered sufficient time to read the information thoroughly. The online survey was available between January 23<sup>rd</sup> and February 3<sup>rd</sup> 2015, and received 40 responses. In addition, 49 parents or carers attended 7 different events.

**3.5** Respondents to the survey cited the low cost of attending current provision (74%), the consistency of staffing (64%) and the quality of the sessions (54%) as the aspects of the services that they wanted to be retained following any reorganisation of provision. Some respondents felt that parents would be prepared to pay a little more in order to maintain the level of service provision that they currently enjoy while a significant number put forward views regarding the importance of a low attendance price for the sessions.

**3.6** In respect of the proposed options for the service, 77% of respondents felt that the current service should be maintained, albeit with a reduction in the subsidies available. 18% of respondents preferred the idea of transferring the services to schools to run if schools were willing to, while 5% felt that it would be most appropriate to commission an external non-profit organisation to run the services. There was some concern that schools would be unlikely to choose to run services given their own financial constraints, meaning that a transfer of responsibility to the schools would, in essence, amount to the service being cut.

**3.7** There was variation with regard to affordable prices for after-school sessions: the most commonly cited figure was £6 per session, which was mentioned by 13 of 38 respondents (34%). With regard to holiday sessions, a daily cost of £20-£25 was by far the most commonly cited figure.

**3.8** Feedback from public events suggested that the in-house service was valued and seen as being of good quality, providing affordable childcare for working families. There was a similar view of provision for parents of children with additional needs. Most important to the parents was that there is good quality childcare at an affordable price. While there was concern about potential fee increases, apart from for one particular setting, there was general recognition that costs would still be affordable for most parents even with the increases that were likely. There was a greater level of resistance to increases in holiday fees. Going forward, there was an ongoing wish for there to be continuity of staffing and a range of activities provided.

**3.9** Some expressed concern about the Council's longer term commitment to childcare and play as well as the third sector's ability and commitment to providing this instead.

## **4. Youth Provision**

### **4.1 Survey**

**4.2** An online survey of young people's views on the key issues affecting them and how and where they preferred to receive information and support was held in December 2014 and January 2015. 28 young people responded. 11 young people with learning difficulties and disabilities completed an adapted version of the survey. When asked about the relative importance of different places in their community, 82% said that youth clubs or projects were most important. The survey then focused on the issues which young people most wanted support with under the headings of staying safe; school, work or college; relationships; health and wellbeing. Youth clubs and projects were cited as the preferred location at which young people would like to receive support for a number of particular issues. A summary report of the findings of the survey is available.

### **4.3 Young People's focus groups**

Focus groups of young people were facilitated in youth clubs across the borough. There were a total of 10 different sessions involving 70 young people. They provided views on activities they enjoyed, advice and support they needed and how they preferred to receive this. Focus groups were also held with young people with disabilities. Engagement will continue with young people as preparations take place to commission new services. A detailed summary of all youth provision engagement activity is available.

### **4.4 Meetings with service providers**

These took place in each locality and were attended by 30 people in total:

North East Locality: 5 participants

South Locality: 13 participants

North East: 12 participants

Key themes for discussion included Flexible models; Targeting; Outcomes for young people; Working with partners; Quality of service.

- 4.5** A consistent and clear message from the locality meetings involving stakeholders was that the service should be based on and be responsive to young people's needs. There was a feeling that the age at which young people can use youth services might be lowered while it was felt that support was needed for older young people to move on to other services when they reached 19.
- 4.6** It was raised that many young people often won't want to travel far to provision for reasons relating to safety and cost. There was overwhelming agreement that youth services should maintain a balance between universal and targeted provision while young people should not 'feel' like they are being targeted. Budgets should be divided between universal and targeted provision with commissioned providers sharing resources better and communicating more effectively with locality teams and a wide network of other services and providers.
- 4.7** There was agreement that there should be an agreed and consistent method for monitoring and evaluating outcomes although outcomes monitoring should also be proportionate to the resource available i.e. level of funding. Quality marks were seen as positive with quality also ensured through contract management and better evidencing of impact. Participants felt that longer contracts (3 years minimum) would enable development of longer term strategies and therefore better quality and sustainability of delivery.
- 4.8** There was a very strong feeling across the workshops that youth services should not become part of locality social work teams and also that they should also remain separate from schools. The value and different dynamic of youth work should be recognised and developed.



## EQUALITY IMPACT ASSESSMENT

The council has a statutory duty to consider the impact of its decisions on age, disability, gender reassignment, pregnancy & maternity, race, religion or belief, sex (gender) and sexual orientation.

The Council also has a duty to foster good relations between different groups of people and to promote equality of opportunity.

Completing an Equality Impact Assessment (EIA) is the **simplest way** to demonstrate that the Council has considered the equality impacts of its decisions and it reduces the risk of legal challenge. EIAs should be carried out at the **earliest stages** of policy development or a service review, and then updated as the policy or review develops. EIAs must be undertaken when it is possible for the findings to inform the final decision. Keep all versions of your EIA. An EIA should be finalised once a final decision is taken.

<b>Title of Proposal</b>
Service proposals for Early Help
<b>Lead Officer</b>
Rachael Wright-Turner Director of Commissioning Children's Services rachael.wright-turner@rbkc.gov.uk
<b>Has this project, policy or proposal had an EIA carried out on it previously? If yes, please state date of original and append to this document for information.</b>
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>Date of original EIA:</b>
<b>Version number and date of update</b>
V 1 – January 2015

## SECTION 1: Initial screening

1.1	What are you analysing?
	<p><b>What is the proposal?</b></p> <p>In the context of continuing reductions in public expenditure, there is an increasing requirement to ensure that resources providing early help and support for families are effectively targeted to meet local priority outcomes and needs. The Early Help Strategy 2014 – 2018 sets out the priority outcomes that Westminster is focused upon achieving with its children and families.</p> <p>The Strategy also establishes the framework through which services will be developed to deliver this targeted provision. One of the Strategy's key objectives is to <i>'revise our service model of investment in universal services together with our key partners in line with our priority outcomes, in particular in respect of Play, Children's Centres and Youth Services.'</i></p> <p>The specific service developments proposed to deliver against the Early Help Strategy are:</p> <ul style="list-style-type: none"> <li>• New service arrangements for the delivery of Children's Centre services to ensure that they are focused on children and families most in need and support the expansion of the City's 2 year old early education programme. These changes are a part of a wider vision termed the Best Start in Life and will result in an integrated early years service with a single pathway for children and families that has universal, targeted and enhanced components;</li> <li>• The transition of the City's play service provision to third sector providers or schools to implement a sustainable service model, providing both universal and targeted play services in response to local needs;</li> <li>• The reorganisation and recommissioning of youth services to deliver a hub and spoke service arrangement that provides both universal and targeted support for young</li> </ul>

people across the City.

**What is the purpose of the proposal?**

The Council is refocusing its services to those who need support most, identifying opportunities to work more closely with our partners to deliver joint services and encouraging and enabling communities to become more self-supporting.

Evidence suggests that an early response is more effective and more efficient way of delivering services. It is better to provide an intensive, focussed intervention when problems first emerge rather than delivering a more costly statutory intervention when the needs have escalated. This includes using targeted services to reduce or prevent specific problems from getting worse and becoming deep seated or entrenched.

To continue the Council's commitment to offering high quality, effective services to the families and young people in Westminster most in need of support, we need to make some changes to our services for children and young people. These changes will help to integrate services at defined points in a child's health and development to identify and support families at the earliest point, preventing the escalation of needs to a level that requires more intensive support and higher cost service interventions.

*Children's Centres* – the proposal is to use some Children's Centre sites in new ways so that the Centres reach and target those children at risk of the poorest outcomes. This will be achieved by reducing some open access Stay and Play sessions so that more targeted services can be maintained. Where stay and play sessions are reduced they will be replaced with the free 2 year early education offer for eligible families to support better targeting and reach of those families who may not currently access early years services. In addition, a more intensive parenting offer to families most in need will be implemented, as a part of the integrated early years pathway, and will complement other commissioned Children's Centre services such as speech and language therapy services and domestic violence support programmes. A new, jointly appointed post, with Central London Community Health, will develop the integrated early years pathway.

A network of Stay and plays will still exist across each locality, especially when seen together with that provided by other local organisations.

*Youth provision* – the proposal is that Early Help Youth Services should be delivered through a locality – based hub-and-spoke model with targeted services focused on meeting higher levels of need in key wards (Church Street, Queens Park, Harrow Road and Westborne, and Churchill wards). The age range of the service will expand to accommodate children from 11 – 19 (up to 25 for children with learning difficulties). In addition, specialist services and support for young people with additional needs will be commissioned.

*Play* – the proposal is that the management of after school childcare services should be

transferred to school governing bodies or third sector providers. In addition, a targeted play scheme will be commissioned to ensure access for children in need and families on low income that cannot access other subsidies

### **Why is it needed?**

We know that many children and families, at different stages in their lives, find themselves faced with challenging situations and require additional support, advice and intervention. We need to target children and families with the greatest need and work with partner agencies in an integrated way to achieve the best outcomes from our shared resources.

Having agreed the Early Help Strategy, we are now ready to explore our service model for early years, youth and play so that they make the most effective use of public resources.

### **Who is intended to benefit and how?**

All three service proposals look to target families and individuals with particular vulnerabilities or who might require additional support.

The proposed Children's Centre development, as part of the Best Start in Life initiative have prioritised the following groups:

- Children who are likely to not be school ready at 5;
- Children and families with more complex needs;
- Mothers and babies, including pregnant women
- Parents seeking employment
- Parents at risk of harm

The proposed development of youth provision will aim to provide support for people with the following needs

- Young people living in areas of deprivation (10% most deprived IDACI<sup>[1]</sup>) from specified wards and estates;
- Young people most at risk of misusing substances;
- Young people most at risk of developing mental health issues;
- Young parents and/or pregnant Young women;
- Young people who are vulnerable to abusive or unhealthy sexual relationships;
- Young people with a learning difficulty and/or disability;
- Young people NEET (Not in employment education or training);
- Those at risk of becoming NEETs (i.e. persistent absentees, underachievers and excluded pupils);
- Young people at risk of offending or engaging in antisocial behaviour;
- Young people at risk of gang attachment and/or serious youth violence;

<sup>[1]</sup> IDACI – Income Deprivation Affecting Children Index



- Young people at risk of exploitation;
- Young people at risk of engaging in violent extremism;
- Lesbian, gay, bisexual, transgender, questioning or intersex Young People (LGBTQI);
- Looked-after children and Young People;
- Care leavers; and
- Young Carers.

**Who, potentially, could this proposal have a detrimental effect on, and how?**

Targeting services in line with our Early Help Strategy may mean that some existing provision may not continue and some children and families who currently make use of these services may not form part of the groups being targeted for additional support.

The proposals for play will retain existing levels of provision, but will be provided by different organisations. Children and families currently accessing this service will continue to be able to do so, with additional support available to particular targeted groups.

The proposals for Children's Centres will result in some elements of universal provision, specifically open access stay and play sessions, being reduced or offered from only certain centres. This will mean that some families in a universal or universal plus group, who may attend these services several times a week, have less access. However, when the Children's centre provision is seen alongside other similar community provision there is still an offer across each locality.

More targeted youth provision will likewise see a reduction in those elements and activities that are currently universally accessible.

Those children and families who previously made use of these elements of the services will no longer be able to do so and will therefore be adversely affected. This EIA considers the characteristics of these children and families and considers whether this adverse impact can be mitigated.

## SECTION 2: EQUALITY IMPACT ASSESSMENT

### Building an Evidence Base

The following tables detail the information available on those children and families who currently make use of Early Help services in Westminster.

<b>Children's Centres</b>				
<b>Please see below data available of who uses the service currently:</b>				
<b>Localities</b>	<b>North West</b>	<b>North East</b>	<b>South</b>	
<b>How many people use the service currently? What is this as a % of Westminster's population?</b>				
<b>Currently accessed by (nos of children):</b>	<b>2052/52%</b>	<b>2198/39%</b>	<b>1183/39%</b>	
<b>Disabled people</b>				
<b>Disabled children 0-4 years old</b>	<b>8/40%</b>	<b>18/35%</b>	<b>15/35%</b>	
<b>Particular ethnic groups</b>				
<b>Children 0-4 years old from minority ethnic groups</b>	<b>1188/40%</b>	<b>1458/35%</b>	<b>703/35%</b>	
<b>Men or women (include impacts due to pregnancy/maternity)</b>				
<b>Fathers with a 0-4 year child</b>	<b>452/22%</b>	<b>585/16%</b>	<b>330/19%</b>	
<b>People of particular sexual orientations</b>	<b>No data</b>	<b>No data</b>	<b>No data</b>	
<b>People who are proposing to undergo, are undergoing or have undergone a process or part of a process of gender reassignment</b>	<b>No data</b>	<b>No data</b>	<b>No data</b>	
<b>People on low incomes</b>				
<b>Target population – 0-4 year olds living in 30% most deprived IDACI LSOAs</b>	<b>1752/56%</b>	<b>962/53%</b>	<b>632/45%</b>	
<b>Children aged 0-4 living in households dependent on workless benefits</b>	<b>444/38%</b>	<b>434/47%</b>	<b>94/16%</b>	
<b>People in particular age groups</b>				
<b>Teenage parents</b>	<b>9/69%</b>	<b>11/110%</b>	<b>6/60%</b>	
<b>Groups with particular faiths and beliefs</b>	<b>No data</b>	<b>No data</b>	<b>No data</b>	
<b>Any other groups who may be affected by the proposal?</b>				
<b>Lone parents with a 0-4 year old</b>	<b>463/47%</b>	<b>254/27%</b>	<b>162/28%</b>	
<b>Families with Children 'In Need' 0-4 yrs old (CIN = a child having an allocated period)</b>	<b>5/8%</b>	<b>26/59%</b>	<b>7/44%</b>	
<b>Families with children living with domestic abuse</b>	<b>54/-</b>	<b>42/-</b>	<b>40/-</b>	
<b>Families with children living with adult mental health</b>	<b>19/-</b>	<b>24/-</b>	<b>10/-</b>	

	<b>Children in Child Protection Plan (0-4 yrs old)</b>	<b>8/267%</b>	<b>9/100%</b>	<b>10/200%</b>
	<b>Children 0-4 years old who are Looked After (LAC)</b>	<b>5/100%</b>	<b>0/0%</b>	<b>0/0%</b>

**Additional information:**

Data suggests that although some stay and play sessions may be well used they are not well accessed by families whose children are statistically likely to have poorer outcomes. This is illustrated in the tables below, which identify the number and percentage of 0-4 year olds accessing Stay and Play sessions at Harrow Road Children’s Centre (Essendine) over a four week period and show that between 25% and 40% of those accessing the service live in the 30% most deprived areas.

**Essendine**

<b>Week</b>	<b>Dates of week</b>	<b>Number of 0-4 yr olds seen</b>	<b>Number of 0-4 yr olds seen living in 30% most deprived areas</b>	<b>% of 0-4 yr olds seen living in 30% most deprived areas</b>
Week 1	29-Sep-2014 and 05-Oct-2014	42	15	36%
Week 2	06-Oct-2014 and 12-Oct-2014	31	8	26%
Week 3	13-Oct-2014 and 19-Oct-2014	34	13	38%
Week 4	20-Oct-2014 and 26-Oct-2014	56	20	36%

Where stay and play sessions are reduced they will be replaced with the free 2 year early education offer for eligible families to support better targeting and reach of those families who may not currently access early years services.

At present there are 799 eligible families in WCC and there are currently 444 places available which, ensuring there are sufficient places for 80% of eligible families, leaves a shortfall of 195 places.

These proposals will provide the setting for 140 places to be delivered across four children’s centre sites, working in collaboration with schools rated as ‘good’ and ‘outstanding’, but there is still capacity to provide more places as demand grows. The remaining shortfall will be delivered by developing more places with the private and voluntary sector and schools.

## Youth

### Build up a picture of who uses/will use your service or facility and identify who are likely to be impacted by the proposal

- If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.

Please see below data available of who uses the service currently:				
Localities	North West	North East	South	
How many people use the service currently?  Currently accessed by (nos of young people 11-19):	1067	889	280	
Disabled people  Disabled children 11-24 years old	78	84	49	
Particular ethnic groups  Children 11-19 years old from minority ethnic groups	891	792	200	
Gender  Male Female	714 351	591 298	203 77	
People of particular sexual orientations	No data	No data	No data	
People who are proposing to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	No data	No data	No data	
People on low incomes  Target population – 11-19 year olds living in 20% most deprived IDACI LSOAs  Children aged 11-19 living in households dependent on workless benefits	523  No data	484  No data	49  No data	
People in particular age groups  Teenage parents	0	0	0	
Groups with particular faiths and beliefs	No data	No data	No data	

## School-Age Childcare and Play

Please see below data available of who uses the service currently:				
Localities	North West	North East	South	
How many people use the service currently?  Currently accessed by (nos of children):	Term-time 119  Holiday 103	121  102	164  95	
Disabled people  Disabled children 5-14 years old  (The majority of disabled children attend Lisson Green Play Centre operated by the Westminster Society or specialist play services)	1	1		
Particular ethnic groups  Children 5-11 years old from minority ethnic groups	Not Available	Not Available	Not Available	
Men or women (include impacts due to pregnancy/maternity)  Fathers with a 0-4 year child	Not Available	Not Available	Not Available	
People of particular sexual orientations	Not Available	Not Available	Not Available	
People who are proposing to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	Not Available	Not Available	Not Available	
People on low incomes  Target population – 5-11 year olds living in 30% most deprived IDACI LSOAs  Children aged 5-11 living in households dependent on workless benefits	High (3 projects based in 30% most deprived IDACI LSOAs)  Approx 25	High (1 project based in 30% most deprived IDACI LSOAs)  Approx 35	Medium (1 project based in 30% most deprived IDACI LSOAs)  Approx 5	
People in particular age groups  Teenage parents	Not Available	Not Available	Not Available	
Groups with particular faiths and beliefs	Not Available	Not Available	Not Available	
Any other groups who may be affected by the proposal?  Lone parents with a 5-11 year old  Families with Children 'In Need' 5-11 yrs old (CIN = a child having an allocated	Not Available  Term-time 15	  18	1	

	<b>subsidised place)</b>	<b>Holiday 23</b>	<b>64</b>	<b>25</b>
	<b>Families with children living with domestic abuse</b>	<b>Not Available</b>		
	<b>Families with children living with adult mental health</b>	<b>Not Available</b>		
	<b>Children in Child Protection Plan (5-11 yrs old)</b>	<b>Not Available</b>		
	<b>Children 5-11 years old who are Looked After (LAC)</b>	<b>Not Available</b>		

## Consultation Information

*This section should record the consultation activity undertaken in relation to this project, policy or proposal*

Consultation and engagement was led through meetings with service users, as well as meetings with providers. The proposed changes to Children's Centre services required a statutory consultation whilst the City Council also engaged with key audiences on other service changes so that parents, young people and providers could shape the services with the City Council. At these meetings the proposals and service models were presented and discussions initiated to engage the audience and gather feedback and comment. For Children's Centres and Play online and printed surveys were created to provide those unable to attend the meetings with an opportunity to comment on our proposals.

Play and Children Centre information events and online and paper surveys were promoted through writing to all service users inviting them to events and view and comment on the proposals online. Posters and flyers were produced for the Children Centre consultation and distributed across the city. Information was also made available through the Council website, and included in Council newsletters. The consultation was included in the Council's Reporter magazine which goes to every home in Westminster providing an opportunity for every resident to be made aware of the consultations. The youth service consultation was conducted through focus groups with providers and young people at youth clubs. An online survey was also promoted to gather evidence on the needs of young people.

A consultation and engagement report has been produced outlining the responses received. Key messages from the consultation are summarised below:

### **Children's Centres**

Many respondents commented that Children's Centres were invaluable to all who use them, regardless of social position. Positive comments were made about the quality of provision available at Children's Centres and the introduction of fathers' groups.

Parents and centre users reported that the 'stay and play' sessions were useful. Some respondents were concerned that the proposed changes would mean that they would have to travel further to access 'stay and play' opportunities and that any reduction in the number of sessions would leave the remainder oversubscribed.

Some respondents recognised the value of developing more targeted services but queried whether the new provision, and specifically the introduction of the 2 year old offer in more settings would necessarily attract those families most in need. Some respondents observed that while there was a lot of provision available for under fives in the local area, there was not very much that catered for parents and carers with very young children (under 1).

### **Youth**

A consistent message for respondents was that the service should be based upon and responsive to young people's needs, but that it ought to retain both universal and targeted elements so that those using the service did not necessarily feel that they were being specifically 'targeted'. Young people raised the issue of travel to and from youth provision, noting that cost and issues of personal safety

may make them unlikely to want to travel too far to access services.

### **Play**

Respondents to this element of the consultation identified low cost, consistent staffing and service quality as the three key elements of the service that would need to be maintained.

The majority of respondents to the consultation indicated their preference for retaining an in-house service, expressing anxiety as to whether alternative providers, whether schools or third sector providers would maintain the service in its current state. Parents of children with additional needs were also keen on retaining in-house provision. Were this not to be the case, respondents were clear that quality and affordability would be the key measures for any different arrangements.

Some respondents queried whether changes would result in an increase in fees and costs. However, there was also some recognition that an increase in costs would not necessarily make the service unaffordable.



## Children's Centres

Does the project, policy or proposal have the potential to disproportionately impact on any of the following groups? If so, is the impact positive or negative?

		None	Positive	Negative	Not sure
	Disabled people	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Particular ethnic groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Men or women (include impacts due to pregnancy/ maternity)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People or particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People who are proposing to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People on low incomes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People in particular age groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Groups with particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Are there any other groups that you think may be affected negatively or positively by this project, policy or proposal?  <b>Lone parents with a 0-4 year old</b>  <b>Families with Children 'In Need' 0-4 yrs old (CIN = a child having an allocated period)</b>  <b>Families with children living with domestic abuse</b>  <b>Families with children living with adult mental health</b>  <b>Children in Child Protection Plan (0-4 yrs old)</b>  <b>Children 0-4 years old who are Looked After (LAC)</b>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Youth					
Does the project, policy or proposal have the potential to <u>disproportionately</u> impact on any of the following groups? If so, is the impact positive or negative?					
		None	Positive	Negative	Not sure
	Disabled people	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Particular ethnic groups	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Men or women (include impacts due to pregnancy/ maternity)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People or particular sexual orientation/s	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People who are proposing to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People in particular age groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Groups with particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<p>Are there any other groups that you think may be affected negatively or positively by this project, policy or proposal?</p> <ul style="list-style-type: none"> <li>• Young people living in areas of deprivation (10% most deprived IDACI<sup>[1]</sup>) from specified wards and estates;</li> <li>• Young people most at risk of misusing substances;</li> <li>• Young people most at risk of developing mental health issues;</li> <li>• Young parents and/or pregnant Young women;</li> <li>• Young people who are vulnerable to abusive or unhealthy sexual relationships;</li> <li>• Young people with a learning difficulty and/or disability;</li> <li>• Young people NEET (Not</li> </ul>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	

<sup>[1]</sup> IDACI – Income Deprivation Affecting Children Index

	<p>in employment education or training);</p> <ul style="list-style-type: none"> <li>• Those at risk of becoming NEETs (i.e. persistent absentees, underachievers and excluded pupils);</li> <li>• Young people at risk of offending or engaging in antisocial behaviour;</li> <li>• Young people at risk of gang attachment and/or serious youth violence;</li> <li>• Young people at risk of exploitation;</li> <li>• Young people at risk of engaging in violent extremism;</li> <li>• Lesbian, gay, bisexual, transgender, questioning or intersex Young People (LGBTQI);</li> <li>• Looked-after children and Young People;</li> <li>• Care leavers; and</li> <li>• Young Carers.</li> </ul>				
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**Play**

**Does the project, policy or proposal have the potential to disproportionately impact on any of the following groups? If so, is the impact positive or negative?**

		<b>None</b>	<b>Positive</b>	<b>Negative</b>	<b>Not sure</b>
	Disabled people	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Particular ethnic groups	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Men or women (include impacts due to pregnancy/ maternity)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People or particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People who are proposing to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	People in particular age groups	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Groups with particular faiths and beliefs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## SECTION 3: Assessing Impact

*In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be.*

What might the potential impact on individuals or groups be?	
<p><b>Generic impact (across all groups)</b></p>	<p><b>Children’s Centres</b> - With more rigorous targeting through greater integration of our collective services across agencies, all children and families will receive a more cohesive and responsive service drawing on shared resources that will identify families with additional needs earlier. There will be an even greater focus to share the responsibility to improve outcomes for young children and their families.</p> <p>Changes in the services being provided from some Children’s Centres and specifically the reduction in the number of sites offering ‘stay and play’ sessions, will mean that some people who currently access this service will see a reduction in availability or may have to travel to an alternative centre or alternative source of similar provision. In general this will impact to a greater extent on those children and families who do not fall within the groups targeted for additional support and who may not qualify against the current criteria for the 2 year old offer.</p> <p><b>Youth</b> – By specifying and targeting youth provision to work with people with specific protected characteristics (in particular sexual orientation, gender reassignment, pregnancy and maternity) and by extending the lower age range of the service (from 13 to 11 year olds), these proposals will potentially have a positive impact. More targeted services will be better equipped to identify and respond to needs and understand how an individual’s or group’s protected characteristics may require different approaches.</p> <p>More targeted provision may reduce the amount of universal activity available and some young people who do not fall within the targeted groups may no longer be able to access elements of the service that they currently make use of. Additional analysis will be required at a future date to assess the extent to which reducing specific activities may impact upon people or groups with protected characteristics.</p> <p><b>Play</b> - The proposals for Play services do not change the level of provision available nor the criteria on which the service can be accessed. As such there is no specific negative or adverse impact identified for any individual or group with a protected characteristic.</p> <p>There is a potentially positive impact on children with particular protected characteristics, particularly where these characteristics may mean that they are more likely to require targeted support. The proposal will result in targeted places being extended from the eight existing Westminster Play Service play centres to all</p>

	<p>schools with school-aged childcare and play projects, increasing access to this support in the future. More children with additional needs will be able to make use of targeted places.</p> <p><b>General</b> - Increased targeting of early help services will be based not only on individuals and groups with protected characteristics but also other areas of risk and vulnerability such as deprivation, risk of offending, substance misuse and mental health. Young people and families experiencing these issues should benefit from services better equipped to identify and respond to these needs.</p>
<p><b>Men or women (include impacts due to pregnancy/ maternity)</b></p>	<p><b>Children’s Centres</b> – A greater focus on maternal and child health, particularly through integration with Health Visiting services and the introduction of provision around pregnancy care and parental employability and aspirations will benefit women.</p> <p>Improved access to childcare on available sites will also mean improved services for both men and women, e.g. mothers and fathers of children 0-5 and greater integration of services.</p> <p>The reduction in ‘stay and play’ sessions will impact more on women than on men given the higher proportion of women who make use of the Children’s Centres.</p> <p><b>Youth</b> – By identifying girls and young women at risk of teenage pregnancy (and young people who are vulnerable to abusive or unhealthy relationships) as a target group, future service provision will be better placed to address their specific needs.</p> <p><b>Play</b> - No specific impact identified. The current staffing structure includes a number of male workers who have been identified by some service users as important role models.</p>
<p><b>People of particular sexual orientation</b></p>	<p><b>Children’s Centres</b> - No specific impact identified.</p> <p><b>Youth</b> – Young people who identify as lesbian, gay, bisexual, transgender, questioning or intersex will be identified as a target group so that service provision can be better equipped and tailored to address their specific needs.</p> <p><b>Play</b> - No specific impact identified</p>
<p><b>People who are proposing to undergo, are undergoing or have undergone a</b></p>	<p><b>Children’s Centres</b> - No specific impact identified.</p> <p><b>Youth</b> – Young people who identify as transgender or intersex will be identified as a target group so that service provision can be better equipped and tailored to address their needs.</p>

<b>process or part of a process of gender reassignment</b>	<b>Play</b> - No specific impact identified
<b>Disabled people</b>	<p><b>Children’s Centres</b> - Disabled children/families will receive a more cohesive and responsive service drawing on shared resources. There will be an even greater focus to share the responsibility to improve outcomes for disabled children/families through improved targeting and access through better use of sites and integrated services.</p> <p><b>Youth</b> – There is the potential for these changes to have a positive impact on individuals and groups with this protected characteristic. A specialist youth service for young people with a Learning difficulty or disability who are unable to access universal provision will be commissioned. Further analysis will be required once commissioners are clearer as to what the universal elements will look like and where they will be delivered to assess the impact of any reduction in universal provision.</p> <p><b>Play</b> - <b>No</b> specific impact identified. These proposals do not change the existing provision available in Westminster to support play for children with disabilities.</p>
<b>Particular ethnic groups</b>	<p><b>Children’s Centres</b> - Children and their families of particular ethnic groups will receive a more cohesive and responsive service drawing on shared resources. There will be an even greater focus to share the responsibility to improve outcomes for young children/families from particular ethnic groups through improved targeting and access through better use of sites and integrated services.</p> <p><b>Youth</b> – The proposed hub and spoke model will allow services to be focused in areas/wards identified as having the highest level of need for children and young people. These areas also have the highest proportion of children living in poverty and the highest proportion of children from a BME background. Currently 84% of users of the existing service are from a BME background. While a proportion of these children and young people would continue to be able to access more targeted provision it is likely that some children would no longer be in a position to use the services. Further analysis will be required once commissioners are clearer as to what the universal elements will look like and where they will be delivered.</p> <p><b>Play</b> - <b>No</b> specific impact identified. The current staffing structure includes a number of workers from a BME background who have been identified by some service users as important role models.</p>
<b>People on low incomes</b>	<b>Children’s Centres</b> - Children and their families on low incomes will be better targeted. There will be greater potential for shared organisational responsibility to improve outcomes for young children/families on low incomes through improved targeting and access through better use of sites and integrated services.

	<p><b>Youth</b> – No specific impact identified. Some young people when consulted queried whether changes in service would increase travel costs. Further analysis will be required.</p> <p><b>Play - Up</b> to 100 children will be able to access free targeted places in after school childcare and play services or in community play settings. Targeted places will be extended to families on low incomes that are unable to access other childcare related support, such a tax credit and the new tax-free childcare scheme.</p>
<b>People in particular age groups</b>	<p><b>Children’s Centres</b> - No specific impact identified.</p> <p><b>Youth</b> – The proposal is that youth provision will accommodate children and young people from 11 -19 (and up to 25 for young people with a learning difficulty). This will therefore benefit those young people aged 11 and 12 years old who were previously unable to access provision.</p> <p><b>Play</b> – No specific impact identified.</p>
<b>Groups with particular faiths and beliefs</b>	<p><b>Children’s Centres</b> - No specific impact identified.</p> <p><b>Youth</b> – No specific impact identified.</p> <p><b>Play - No</b> specific impact identified.</p>
<b>Other excluded individuals and groups</b>	<p><b>Children’s Centres</b> - With more rigorous targeting through greater integration of our collective services across agencies, all children and families will receive a more cohesive and responsive service drawing on shared resources. There will be an even greater focus to share the responsibility to improve outcomes for young children and their families.</p> <p><b>Youth</b> – Increased targeting of provision based on need not only captures individuals and groups with protected characteristics but also other issues such as deprivation, risk of offending, substance misuse and mental health. Young people and families experiencing these issues should benefit from services better equipped to identify and respond to these needs.</p> <p><b>Play</b> - Targeted places will be extended to families on low income that are unable to access other childcare related support, such as tax credits and the new tax-free childcare scheme. This will ensure that childcare is affordable to low income families.</p>



## SECTION 4: Reducing & Mitigating Impact

**Where you have identified an impact, what can be done to reduce or mitigate the impact?** *(Remember to think about the Council as a whole, another service area may already be providing services which can help to deal with any negative impact).*

<p><b>Impact 1: By moving youth provision to a more targeted offer, some services may no longer be available to some young people</b></p>	<p><b>Conduct further analysis once the specific offer is more clearly defined to allow for a better understanding as to whether removing certain universal activities will disproportionately impact upon individuals or groups with protected characteristics.</b></p>
<p><b>Impact 2: The change in services provided from some Children’s Centres and the reduction in the number of ‘stay and play’ sessions may impact some parents, carers and children</b></p>	<p><b>Advertise where sessions are still available and how to access these sessions.</b></p> <p><b>Appraise capacity as these sessions to see if they are oversubscribed.</b></p> <p><b>Help to identify and promote other suitable provision.</b></p>

**Now that you have considered the potential or actual effect on equality, what action are you taking?**

No major change (no impacts identified)	<input type="checkbox"/>
Adjust the policy	<input type="checkbox"/>
Continue the policy (impacts identified)	<input checked="" type="checkbox"/>
Stop and remove the policy	<input type="checkbox"/>

**Please document the reasons for this decision**

In line with the City Council’s Early Help Strategy these proposals aim to ensure that a range of services for children and young people are effectively targeted on those who require the most assistance and support. With reduced resources, this will ensure that services are able to have the maximum impact and will be better able to identify issues, tailor their response and thereby intervene so that problems can be resolved before issues escalate.

This more targeted approach will mean that certain elements of service provision currently provided on a universal basis may be reduced or removed. This will impact upon the people currently accessing the services, and this EIA has considered what mitigation might be required or what further information is needed.

**How will the impact of the project, policy or proposal and any changes made to reduce the impact be monitored?**

Use of these Early Help services will be monitored as will the outcomes that these services have on the children and families with whom they are working. An Early Help outcomes framework has been produced which will ensure that all services are aiming to achieve the same goals, as evidenced by particular areas of improvement.

In regards to Children’s Centres, programmes and provision are reviewed on a termly basis in terms

of usage.

## Conclusion

*This section should record the overall impact, who will be impacted upon and the steps being taken to reduce/mitigate impact*

In line with the City Council's Early Help Strategy these proposals aim to ensure that a range of services for children and young people are effectively targeted on those who require the most assistance and support. With reduced resources, this will ensure that services are able to have the maximum impact and will be better able to identify issues, tailor their response and thereby intervene so that problems can be resolved before issues escalate.

This more targeted approach will mean that certain elements of service provision currently provided on a universal basis may be reduced or removed. This will impact upon the people currently accessing the services, and the EIA has considered what mitigation might be required or what further information is needed. The reduction in 'stay and play' sessions provided from some children centres, will impact more on women than men given that women make up the majority of service users.

In regard to youth provision, by specifying and targeting youth provision to work with people with specific protected characteristics (in particular sexual orientation, gender reassignment, pregnancy and maternity) and by extending the lower age range of the service (from 13 to 11 year olds), these proposals will potentially have a positive impact. However, further equality impact assessments will need to be undertaken once the offer is more clearly defined to allow for a better understanding as to whether removing or reducing certain universal activities will disproportionately impact upon individuals or groups with protected characteristics.

The proposals for Play services do not change the level of provision available nor the criteria on which the service can be accessed. As such there is no specific negative or adverse impact identified for any individual or group with a protected characteristic. There is a potentially positive impact on children with particular protected characteristics, particularly where these characteristics may mean that they are more likely to require support with targeted places being extended from the eight existing Westminster Play Service play centres to all schools with school-aged childcare and play projects

## SECTION 5: Next Steps

<b>5.1 Action Plan</b> <i>Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.</i>  <i>NB. Add any additional rows, if required.</i>							
	Action Required	Equality Groups Targeted	Intended Outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
Page 49	Conduct additional Equality Impact Analysis once further detail on youth provision offer is specified	All	To better understand if individuals or groups with protected characteristics might be disproportionately affected		Vikki Wilkinson, Commissioning Directorate, Children's Services	By September 2015	
	Effectively communicate changes in what is offered from each Children's Centre site	All	To ensure that those affected by a change in provision are made aware and advised of alternatives where available		Jayne Vertkin, Early Help Services, Children's Services	By May 2015	



## Service Proposals for Early Help - Appendix C

### Implications of Service Proposal for Individual Children's Centres

Name of Children's Centre	Proposed change	Proposed changes following the consultation
<b>South Locality</b>		
Churchill Gardens (hub)	No change	No change
Marsham Street	Reduced level of activities at the centre	We will explore options from April to maintain the same activity level except for one stay and play.
West End	Reduced level of activities at the Centre	At Fitzrovia we will offer 3 sessions per week at the preferred times coming out of the consultation. A drop in will also continue at Soho Family Centre.
<b>North-West Locality</b>		
Queens Park (hub)	No change	No change
Westbourne	Current services remain but with timetable changes to allow for 2 year old early education places	Current services remain but with timetable changes to allow for 2 year old early education places
Harrow Road	All stay and play sessions replaced with 2 year old early education places,	Offer the 2 year old early education places within Essendine School and one stay and play session a week within a community setting (details unconfirmed at this early stage).
Bayswater	Current services remain but with timetable changes to allow for 2 year old early education places.	Current services remain but with timetable changes to allow for 2 year old early education places.
Queensway (Hallfield)	Reduction in centre based activities – currently 5 stay and play sessions a week.	Maintain 3 stay and play sessions a week at Hallfield.
<b>North-East Locality</b>		
Church Street (Hub)	No change	No change
Paddington Green	Current services remain but with timetable changes to allow for 2 year old early education places	Current services remain but with timetable changes to allow for 2 year old early education

		places
Maida Vale	No change	No change
Micky Star	All stay and play sessions replaced with 2 year old early education places, except for the child health clinic	2 year old early education places, will be extended. The child health clinic will remain the same. We intend retaining a stay and play and are currently exploring options.



## City of Westminster Cabinet Report

<b>Date:</b>	<b>23<sup>rd</sup> February 2015</b>
<b>Status:</b>	<b>For General Release</b>
<b>Title:</b>	<b>2015/16 to 2017/18 Budget and Council Tax Report</b>
<b>Wards Affected:</b>	<b>All</b>
<b>Financial Summary:</b>	<b>This report sets out the Council's financial framework for the 2015/16 to 2017/18 financial years</b>
<b>The Report of:</b>	<b>Steven Mair, City Treasurer</b>

### **1 Executive Summary**

- 1.1 Since 2010, the Local Government funding regime from Central Government has changed significantly and Westminster City Council has faced substantial financial challenges as a result. The Council has risen to these challenges and successfully delivered a series of transformation, investment and savings programmes to deliver a balanced budget to stay within the reducing levels of funding experienced by the Council.
- 1.2 In order to meet these funding challenges in 2015/16, the Council has had to meet a total savings requirement of £36m which encompasses its original estimates of circa £33m increased by £3m to finance the net additional impact of service pressures and inflation. The proposals identified through the medium term financial planning process are set out in Schedule 5 to this report. The Council will set a balanced budget for 2015/16
- 1.3 This savings challenge arose from the December 2014 Provisional Local Government Finance Settlement (LGFS) which indicated a further reduction in our Settlement Funding Assessment (Revenue Support Grant and National Non-Domestic Rates) of £25.2m for 2015/16. This was subsequently revised in the final settlement decision in February 2015, when it was advised that this would be improved by £465k, to a reduction of £24.7m. This broadly aligned with our planning assumptions and modelling which were based upon the indicative figures announced as part of the two year announcement in the previous year.

- 1.4 Among the other changes announced, the New Homes Bonus will increase by £2.2m, which was factored into our projections. However, a top-slice is applied to the New Homes Bonus, which indicatively for 2015/16 will be £3.0m. This is for the Council's share of the London wide LEP Growth Fund. A significant increase in funding came in the form of the Better Care Fund – where we will see an increase from £9.0m to £18.2m – an increase of £9.2m. This additional money however comes with the burden of additional expenditure to be managed. There were other cuts announced of £0.3m on New Burdens Funding and Council Tax Support / Housing Benefit Admin Subsidy, and £0.8m on Local Welfare Provision grant funding.
- 1.5 In addition to the above funding pressures the government has recently announced a reduction in the Council's funding for Discretionary Housing Payments (DHP) from £4.8M to £2.6M. Whilst it was anticipated that the level of government funding would reduce over time the severity of the reduction in 2015/16 was not anticipated. The impact, need and funding implications of this is being assessed and it is planned to part fund the gap from one off balances in 2015/16 to the value of £1.1m.
- 1.6 In addition to these funding changes the Council will continue to face pressures arising through commercial, legislative, demographic and operational pressures, offset by mitigating actions by service areas. There are also contractual and inflationary pressures
- 1.7 In 2015/16 Westminster will be eligible for a Council Tax Freeze grant equivalent to a 1% rise in Council Tax, yielding a further £0.5m which is already included in our planning assumptions, subject to approval of a zero percent Council Tax increase. The last increase was implemented in 2007/08, thus 2015/16 will be the eighth consecutive year that Westminster has frozen its Council Tax.
- 1.8 The Council is dealing with a large number of complex legislative, policy and financial initiatives which will present new operational challenges to adapt to, as well as delivering financial benefits and new ways of working. These are set out in Section 11 of the report
- 1.9 The Council forecast for its current year budget has been improving over recent months and currently indicates a closing position slightly adverse to the budget. Our best estimate for the remainder of the year, taking into consideration all known risks and opportunities will be for this position to continue to improve, with the year-end closing position finishing better than budgeted. This will assist the Council in meeting any necessary one off financial consequences of the continued transformation programme and the financial risks it carries.
- 1.10 Westminster adopts a very robust, comprehensive and active approach to budget management, with a focus on strategic (corporate) and operational (service areas) risks. The Council tracks and monitors performance monthly and throughout the financial year and any risks are reported through routine management reporting along with the progress being made against the savings targeted for the year.



- 1.11 A balanced budget will be set for 2015/16, a major organisational transformation exercise is concluding, a significant transformation programme has been delivered and further savings of this nature are planned, risks have been mitigated and reserves strengthened. Taking these together the Council is well placed to deliver its future financial challenges. On this basis the Council's 2015/16 budget is considered to be robust.
- 1.12 This Cabinet Report also sets out the direction of travel for 2016/17 and 2017/18. Given the challenges facing Local Government over recent years, the funding reduction announced in the recent Local Government Settlement and the continued need for the national deficit to be reduced, the Council is targeting savings of £100m over the next three years to 2017/18. The requirement for 2015/16 has been achieved, and detailed work has commenced for 2016/17. Efforts will continue to identify further opportunities to bridge the full estimated £100m for the period to 2017/18
- 1.13 The Council's consistent, but evolving, core offer is a direct response to our residents' wishes and lies at the heart of everything we do: Clean streets, excellent services, low tax, working with residents, investing in the city, helping those that need it most, generating opportunities for employment and making it easier to do business with us. Our priority remains to give people, families and businesses the confidence and opportunities to thrive in our dynamic, creative and world leading city. We also aim to strengthen connections amongst residents, businesses and visitors as everyone plays their part in, and benefits from, the city's success.
- 1.14 The Council also launched new values and behaviours for the organisation. These values and behaviours underpin how the Council delivers services to its communities, how it operates as an organisation and how it works together. They have been carefully defined to illustrate what is needed to enable Westminster to move forward in the difficult times ahead and are summarised below:
- Productive – we show initiative, drive and determination and help others to be productive and make informed decisions
  - Ambitious – we constantly challenge, create new solutions and work as a team
  - Collaborative – we work with partners and show local leadership, we treat everyone with courtesy and fairness and challenge one another respectfully
  - Enterprising – we constantly seek better VfM and to reduce cost, we seek to generate growth and take managed risks to achieve the best outcomes
- 1.15 Throughout the process of setting the budget the Council has been very mindful of the impact of service changes or reductions on residents and the Equalities Impact Assessments are included in **Annex D**.

## **2**      **Recommendations**

2.1      That the Council be recommended to approve the following:

- the 2015/16 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 B**;
- the capital expenditure programme as set out in **Schedule 11** for the period to 2016/17 with years 2017/18 to 2019/20 only proceeding where projects costs can be afforded including the cost of financing
- that capital financing costs be paid for from service budgets from 2017/18
- the estimated level and use of Earmarked Reserves in **Schedule 6**, as at the budget monitoring position for month 10, 2014/15;
- that the local element for Band D properties be confirmed at the same level as 2014/15 (**i.e. £377.74**) in 2015/16, and that Westminster accordingly take advantage of the 1% (£0.5m) Council Tax Freeze grant for 2015/16;
- that the Council Tax for the City of Westminster, excluding the Montpelier Square area and Queen's Park Community Council, for the year ending 31 March 2016, be as specified in the Council Tax Resolution in **Annex B** and as summarised in Schedule 6 of **Annex B**. That the Precepts and Special Expenses be as also specified in Annex B for properties in the Montpelier Square and Queens Park Community Council areas as summarised in paragraph 6 of **Annex B**. That the Council Tax be levied accordingly and that officers be authorised to alter the Council Tax Resolution as necessary following the final announcement of the Greater London Authority precept;
- that the views of the Budget and Performance Task Group set out in **Annex A** be noted, considered and incorporated into the Cabinet's report to Council in accordance with the Budget and Policy Framework Procedure Rules in the Constitution;
- that the cash limited budgets for each service with overall net expenditure for 2015/16 of £194,808k be approved;
- that the members of EMT be responsible for managing their respective budgets including ensuring the implementation of savings;
- that the City Treasurer be required to submit regular reports as necessary on the implementation of the savings proposals and on the realisation of pressures and mitigations as part of the regular budget monitoring reports;
- that the City Treasurer be delegated responsibility for any technical adjustments required to be made to the budget;

- that the cost of inflation be issued to service budgets if and when it materialises, to the limits as contained within schedule 5 under Corporate Pressures;
- use of £1.1m one off reserves to part fund the gap in DHP funding
- that the views of consultees and consultation approach, as set out in section 19, be considered by Council;
- that the Equality Impact Statement as part of his report, Annex D, be received and noted

2.2 That the Cabinet recommend that this report be submitted to the Extraordinary meeting of the Council on 4<sup>th</sup> March and Council be recommended to receive a speech by the Leader of the Council on Council priorities and financial aims.

### **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 set a balanced budget and submit budget returns to the Department of Communities and Local Government (CLG). Approval of the revenue estimates constitutes authority for incurring of expenditure in accordance with approved policies.

#### 4. **Achievements from 2014/15: Delivering Better City Better Lives**

4.1 In working within Better City Better Lives, the corporate plan for 2014/15, the Council has delivered on a number of key issues which are summarised below:

- We have achieved our **highest ever levels of satisfaction** with how the council runs the City (87%)
- **Excellent levels of satisfaction with our services:** 90% of residents are satisfied with street cleansing, and 83% feel safe in their local area after dark. 76% think the council offers good value for money overall (up 5% in one year) and 71% agree that the council is efficient and well run
- **Excellent results** in terms of **people's satisfaction with their local area:** 94% of Westminster residents are satisfied with their area as a place to live
- In partnership with Central London boroughs we have agreed a ground breaking **£11m employment pilot** with Government to support nearly 4,000 long-term unemployed residents with health conditions, potentially leading to a wider transformation of local services for those with complex needs
- The City Council began its **Universal Support pilot** in October (one of just 11 pilots nationally). Working in partnership with the Department for Work and Pensions we are working to resolve the issues at the root of people's barriers to employment
- Working with the Sir Simon Milton Foundation, University of Westminster and world-leading transport and construction partners, such as Network Rail, Transport for London, BT Fleet, Land Securities and Crossrail we finalised plans for the **City's first University Technical College** which will teach, train and inspire the inventors and engineers of tomorrow by providing state-of-the-art machinery and facilities for 550 students a year
- We have been successful in **Focus on Practice bid** worth £4m to transform social care practice for young people
- We launched our **Digital Champions scheme**, which uses volunteer champions to help residents who have no or poor IT skills to learn how to do things like set up an online bank account and manage their finances online
- Our **Community Champions scheme** is 50 strong and growing in Queens Park and Church Street areas. The Champions help their communities to live healthier lives, and over the past year 2,000 residents have been engaged in Community Champion activities

- We have led the **West End Partnership** into its next phase of work to ensure that the West End remains a place where people love to visit, live, work and do business, developing a vision to be launched in 2015; beginning work on a joint implementation plan to identify key projects and schemes and coordinate investment and delivery across partners; and working together to plan for opportunities and challenges including transport post-Crossrail
- The council has put a **new customer contract** in place with a shift away from face-to-face/telephone contact to online. Calls to the centre have seen a 25% reduction since the start of the year. This has been supported by a new responsive council website that gives us a platform to drive channel shift. Services with additional web functionality, such as within Registrars and Planning, have seen larger reductions in calls in certain areas of their service. The earlier shift away from One Stop Shops to Your One Stop Express terminals in libraries and other council locations is a step many councils have not managed to achieve yet
- **Westco has developed into a substantial commercial business** that brings revenue into the council. Supported by the Commercial Opportunities Review Board the business model has the opportunity to grow and trade more of the very best of what Westminster City Council has delivered
- Successful roll out of **new bay sensor technology and the free ParkRight app**, to help people park in Westminster. With infra-red sensors installed in 3,000 bays across London's West End, customers can see in real time where there's available space to park. We're the first local authority in the country to implement this type of system
- The City of Westminster has **more neighbourhood forums proposed** than any other council in the country and the first new community council in London in over a generation
- We have driven the creation of **two new enterprise hubs** in the north of the city - one at Maida Hill Place, which provides facilities for people who are looking to start up food businesses in Westminster, and Venture 382 in the heart of the Church Street regeneration area. The Council has also secured planning permission for a further, 13,000 sq ft enterprise space as part of the Lisson Arches development. Construction of the building will begin in 2015
- Our **Help Enterprise project** aims to assist residents in temporary accommodation to become self-employed. In its first 9 months the project has worked with 76 residents, with 13 starting a business as a result so far
- Together with partners the City Council has **co-founded Soho Create** - a major new festival that champions, celebrates and showcases Soho's creativity. The inaugural SohoCreate festival on 4-6 June 2014 was a huge

- success, with 800 people attending to engage with 62 leading creative industry speakers in 5 venues over 28 sessions.
- We **commemorated the centenary of the outbreak of WW1** with a series of community events, including the unveiling of the first Victoria Cross memorials and a memorial service for the medal's first ever Jewish recipient
  - We are progressing well with our plans to build a **new University Technical College (UTC)** for 14-18 year olds in Pimlico, which will support students into engineering and construction opportunities. With our partners including the Sir Simon Milton Foundation, the University of Westminster and Network Rail, we have completed the demolition of the old building and have progressed plans for a high quality UTC with input from employers and the local community
  - Through our **successful FACES programme** we have supported 68 Westminster residents into work. As a particular highlight, we have achieved 44% job starts among those who were brought into the programme via its connection into the Integrated Gangs Unit
  - We have **jointly-agreed a Better Care Fund** plan to integrate health and social care for the benefit of residents supported by a pooled budget between the local authority and health partners
  - As part of this Better Care Fund plan, we have developed a **single, coordinated Community Independence Service** across the tri-borough area, which will ensure more people can be cared for at home rather than spending time in hospital. This will see a further £1.1m investment in 2015/16
  - In July, the **Little Venice Sports Centre won the “Leisure Centre of the Year Streamline 2014”** at the UKactive and Matrix National Flame awards
  - In its second year the **Westminster Mile** event (founded in 2013 by Westminster City Council in partnership with London Marathon) officially became the largest one mile event in the world, with 5,800 registrants
  - **Westminster's Sports Development team awarded the top rating of 'Excellent'** rating by the UK's leading accreditor for Sport and Leisure, Quest. The only sports development team in London to gain this prestigious award
  - By the end of the year we'll have **supported over 1,000 people** across Westminster to get **involved in volunteering** through our volunteer brokerage service, and inspired thousands more to get involved with their communities championing community action across the city
  - The Council closed, audited and published its **2013/14 accounts on the 30 June 2014 making it the second fastest local government body in the country** and only the second body to achieve a close by June. Reducing the

time spent on this process by three months and thus generating a wide range of financial management improvements

## 5. **Financial Strategy**

- 5.1 In the June 2010 emergency budget and the October 2010 Comprehensive Spending Review the Government announced significant reductions in the funding for Local Authorities. This brought in financial funding reductions which have not been experienced for many decades before and which have continued in subsequent years.
- 5.2 The Spending Review in 2013 confirmed that the Government's initial 4 year deficit reduction plan would continue for a further 3 years to 2017/18 and that the scale of reductions in overall Government spending would be similar to those seen from 2010. Since then it has been considered that in reality reductions in funding will continue to 2020.
- 5.3 The 2014/15 Start Up Funding Assessment, now referred to as Settlement Funding Assessment (SFA), was announced in the Local Government Finance Settlement in January 2013. Subsequently an additional 1% reduction for 2014/15 was announced in the Government's Budget 2013 and later confirmed in the Spending Review.
- 5.4 The Provisional 2015/16 Finance Settlement was announced on Thursday 18<sup>th</sup> of December, as adjusted by the final settlement and brought with it the following changes/issues for 2015/16:
  - The most significant element of the Settlement announcement is our **Settlement Funding Assessment** which falls from £176.78m to £152.07m, a drop of £24.7m.
  - **New Homes Bonus** increases by £2.24m and is granted to compensate for the additional costs the Council is expected to incur as a result of having a higher number of residential properties to provide services for.
  - A cut of £310k in Council Tax **New Burdens Funding and Council Tax Support** / Housing Benefit Admin Subsidy is also shown.
  - **Local Welfare Provision** grant funding had been notionally identified as being related to this activity within RSG at the point of the provisional Financial Settlement, however in reality this represented a funding cut of circa £800k. It was initially envisaged that this will be financed from reserves in 2015/16. However an announcement from the government on 4 February 2015 indicates that the Council will receive additional funding in 2015/16 of £465,000 as part of the final Settlement. There has not been an announcement in relation to future funding, however it should be possible to utilise the earmarked reserve to at least partially fund 2016/17.

- A significant increase in funding relates to the **Better Care Fund** (originally heralded as part of the 2013 Spending Review) where we see an increase from £8.97m to £18.20m – an increase of £9.23m. This is not additional funding, rather it is a transfer of (largely) NHS resources into pooled budgets. Alongside the additional resources comes the need to continue to undertake the activities previously carried out by the NHS.
  - **Public Health funding** is as expected at £31.2m.
  - Not specifically mentioned in the Settlement is another announcement relating to **Education Services Grant** (ESG) which is indicated to fall by around 20% from £1.5m to £1.2m. This grant is intended to pay for centrally provided education services.
  - Data released on the **NHB allocations** for 2015/16 indicates that our top-slice will be £2.97m for the London LEP Growth Fund.
  - **Council tax freeze grant** will continue in 2015/16 at 1% and the referendum limit remains at 2%.
  - CLG state that overall “**spending power**” of any local authority will not decline by more than 6.4%. The **change for Westminster is quoted as 5.3%** as per the table below. Adjusting for NHB and BCF, the reduction is 9.75%.
  - The Settlement is **only a one year model** – in line with last year’s CSR.
  - The Settlement was subject to a period for **consultation**. The closing date for responses to the consultation was the 15<sup>th</sup> of January and the final settlement was received on the 4<sup>th</sup> February 2015.
- 5.5 The Council derived an overall Budget gap for the Council in 2014/15 of £21.4m and as can be seen below has managed its budget very closely to the impact of that sum. For the years over the medium-term 2015/16 to 2017/18 budget savings of £100m are estimated.
- 5.6 The Council has benefitted by c£10.1m from Council Tax Freeze grants over the last four years, which will rise to £14.1m once the freeze grant for 2015/16 is incorporated. In 2014/15 a Freeze grant of £0.5m was awarded which represented only a 1% incentive. These grants have been paid to compensate the Council for a loss of income as a result of zero percent increases to Council Tax. In 2015/16 Westminster will be eligible for further Freeze grant equivalent to a 1% rise in Council Tax, yielding a further £0.5m which is included in our planning assumptions. This funding was originally announced as a “one-off”



payment in 2011/12 but has continued to be paid over the last three years and will continue into 2015/16.

- 5.7 For 2015/16, the threshold beyond which a referendum is required is a 2% increase in the tax amount. Any increase above this threshold would require a referendum to be held to allow residents to choose whether they wished to pay this higher Council Tax amount or not (a rejection would require us to implement an alternative lower budget). The costs of holding the referendum would have to be met from Council's resources. With such a low Council Tax to begin with, the gain from implementing a 1.99% increase offers £0.5m advantage over adopting the freeze grant. In prior years, changes in levies (in our case from the Environment Agency, Lee Valley Regional Park, and London Pensions Fund Authority) were excluded from the determination of whether a referendum should be held. These will be included in the 2015/16 determination.
- 5.8 Westminster has chosen to keep the Band D Council Tax amount at the same level of £377.74 since 2007/08 – 2015/2016 will be the eighth consecutive year that Westminster's Council's Tax has been frozen.
- 5.9 The Council's financial strategy is to:
- Balance recurrent expenditure with estimated income in order that the Council has a sustainable financial position, is able to deliver on its key objectives and successfully operate in a radically changed financial environment
  - Maintain an appropriate level of reserves to protect the Council against future budgetary impacts and the continuing financial pressures which the Council faces
  - Risk manage its budget estimates to ensure that they are robust and in year to ensure that the budgets agreed are managed and delivered as required
  - Operate to the highest standards of financial management in all areas in order that the Council's finances are robustly secured, value for money is obtained, all professional standards are properly maintained, step change improvements in finance are brought about at pace and rigorous review and quality assurance of all financial matters is undertaken
  - Investigate funding opportunities that are appropriate for the Council
  - Plan over a medium term of 10 years in order that the Council is fully informed as to future scenarios and can prepare appropriate action

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

- 5.10 In order to address this serious financial position, the Council has embarked on a significant programme of change and transformation. This programme has been immensely successful in delivering benefits of £100m over the four year period (2011/12 to 2014/15). The Council is continuing the change programme into the next three year cycle, 2015/16 to 2017/18 to meet budget challenges
- 5.11 The Council will deliver a balanced budget for 2015/16, as it has done in previous years, despite the considerable reductions that have already been addressed over the last four years. The Council's finances have been on a strengthening trajectory in recent months and continue to be so as the year-end approaches. As part of year-end planning it is intended to strengthen Earmarked Reserves in line with the Reserves policy and also in line with Council policy, any further reductions in specific grants will be matched by reductions in associated expenditure.

## **6. Financial Performance – Revenue 2014/15**

- 6.1 As at January 2015 (Period 10) the Council is showing a moderate favourable variance to budget and over recent months has seen positive momentum in reducing what was previously an adverse variance. Our expectation for the remainder of the year will be for this position to continue to improve.
- 6.2 Most Service areas are forecasting an outturn position better than budget, however the Housing Service has faced some financial challenges throughout the year. Homeless numbers remain high and securing suitable accommodation within the central government set temporary accommodation subsidy level remains challenging. These challenges have been, and continue to be, monitored and reviewed monthly through challenge sessions between senior officers in Service areas and Corporate Finance with mitigating actions being explored and implemented. As was the case in the prior year, the Council is also currently undertaking year-end/closure planning.
- 6.3 Sound financial management is fundamental to this financial position and within Finance a number of first stage transformational changes have been instigated. These include a fundamental review of the service structure and cost base including a rigorous recruitment process, much more comprehensive budget development, the framework for a far reaching integrated MTP including all aspects of financial planning, a drive down on debtors and a focus on cash, the development of a suite of financial operating standards and a training, development and resource programme for all finance staff.

## **7. Revenue Budget 2015/16**

- 7.1 The proposals in this report will set a balanced budget for 2015/16. Pending the outcome in the last quarter of the 2014/15 financial year, it is proposed to maintain/strengthen earmarked reserves to provide financial resilience against anticipated future funding reductions, and the continued implementation of significant change/investment programmes and procurements.
- 7.2 The 2015/16 reductions were provisionally confirmed in the Local Government Finance Settlement in December 2014, subsequently revised in the final settlement decision announced in February 2015. Prior to this the Council had made a number of working assumptions in order to plan for this and derive our “Best Estimate” of the medium-term budget gap.
- 7.3 On the basis of the above, an overall Budget gap for the Council was derived for each of the years over the medium-term 2015/16 to 2017/18 and has been refined within the overall total as the work has progressed. This is summarised overleaf for the current year:

**Table 1 – Medium Term Planning Projections**

	<b>2015/16 £m</b>
Government Funding Reduction	25.0
GLA/LEP New Homes Bonus	-
Pay and Contract Inflation	6.0
Employer Pension Costs	1.0
NI/MRP	1.5
<b>Budget Gap</b>	<b>33.5</b>

- 7.4 Clearly future years are more difficult to estimate due to the absence of more than one year's financial settlement but it is reasonable assumption that savings of a similar magnitude will be needed in the following two years and possibly though to 2020. It should be noted that these estimates also require that services absorb their own pressures by finding compensating savings.
- 7.5 The above analysis forms the starting point of the Medium Term Planning requirement. This has been kept under continuous review and after adjusting for the final settlement, inflation, pressures net of mitigations and various grant, funding and one-off adjustments this resulted in a final overall savings requirement of circa £36m.
- 7.6 Thus final savings to this value were sought and are summarised in schedule 5 to this report.
- 7.7 It is estimated that the financing of the budget gap can be summarised as:
- Back office £6.1m
  - Income £8.8m
  - Efficiencies £18.8m
  - Service Rationalisation £0.8m
  - Other £1.7m
  - **TOTAL £36.2m**

## **8. 2015/16 Risks and Budget Robustness**

- 8.1 The Council has had the challenge of bridging in excess of c£100m of reductions in funding from Central Government from 2011/12 through to 2014/15. Despite this Westminster has managed to set balanced budgets, deliver comprehensive programmes of change and transformation, successfully undertake significant procurements and increase the Council's reserves year-on-year to provide financial resilience against ongoing anticipated funding reductions and manage risks with no increases to Council Tax.
- 8.2 Key factors in ensuring the robustness of estimates include the challenge process to establish the budget options, essential project management for the proposals, monitoring and reporting arrangements and the utilisation of key, skilled finance staff in drawing up detailed estimates and monitoring proposals going forward.
- 8.3 There are a number of factors which are making the management of the Authority's budget much more challenging from April 2015 than it has been in the past. These include:
- the cumulative impact of the previous periods unprecedented reductions in government funding over a sustained period, pressures on raising other income, rising costs and growing demand for many services are all challenging Councils' financial management and resilience
  - the financial climate which is more volatile with the Council carrying more risk than has ever been the case, and core funding is assumed to reduce for the foreseeable future.
- 8.4 These current and future financial challenges pose significant, and increasing, risks and require robust financial and budget management along with appropriate earmarked reserves to strengthen resilience against future uncertainty.
- 8.5 In light of the above the preparation of the estimates has been based on the following base assumptions. The council's base revenue funding is through a number of different sources including Central Government support and is based on the following:
- revenue support grant estimates are calculated based upon the current Local Government Settlement and the over arching working assumptions for later years are based on prudent assumptions on the whole of public sector, expert local government commentators' advice and local experience and knowledge

- Council Tax base – the tax base for 2015/16 will grow by 0.9%, as approved by Full Council in January, to 121,891. For future years the assumption is that the base will grow at a similar rate to 2015/16
- Council Tax increases have been assumed at a 0% increase for 2015/16. It is assumed that for 2015/16 central government will compensate via the Council Tax Freeze Grant at 1% and that the Council will take advantage of the freeze grant
- it is anticipated that the Council's financial position with regard to the Business Rate Retention scheme will improve in 2015/16. The Council's Medium Term Plan includes an estimated improvement of £3M in 2015/16. This is primarily due to the level of appeals provision already made and the continuation of underlying physical growth. However the Retention scheme is an extremely complex calculation, with many variable factors. Officers are currently working on the compilation of the 2015/16 NNDR1 return to central government, which should enable our current estimate to be validated
- un ring fenced and non-specific grants are based on the allocations that have been advised via the current settlement and for later years are based on assumptions on the whole of public sector, expert local government commentators' advice and local experience and knowledge.

8.6 Key revenue expenditure assumptions are as follows:

- Directorates will not overspend against their approved allocations and will identify mitigating savings to offset any emerging in year pressures
- budget options presented and approved by Council will be integrated into the base budget and be achieved via a range of approaches, owned by the appropriate budget manager.

8.7 Other major areas that impact on the budget and the assumptions are outlined below:

- the Collection Fund is assumed to achieve a surplus of £440k in 2015/16 and a balanced position in all future years

- general balances and reserves are managed on a risk based approach
- the Housing Revenue Account continues to operate within the self financing regime and remains both sustainable and viable funding the Council's ambitious regeneration agenda. There is currently unutilised headroom of approximately £40m, this will be addressed in the business planning process 2016/17
- the Dedicated Schools Grant (DSG) provides funding for schools and other pupil related services and is a ring-fenced specific grant. This is the third year of operation within the 3 blocks; Schools, High Needs Pupils and Early Years. For the purposes of the MTP it is assumed that all eligible expenditure will be met from this grant and any surplus or deficit from schools will be met from their own school balances.

8.8 In order to secure a balanced budget year on year it is essential that the base estimates are built on by:

- all budget changes agreed by the Council being actioned to deliver the estimated savings, or alternatives found to the same net value, by the relevant responsible officers
- monthly monitoring of all budgets and reporting on an exceptions basis through the City Treasurer to EMT, the Cabinet Member for Finance, and EMT and Cabinet action being taken to address future forecast budget shortfalls in advance of the forthcoming financial years. In respect of this the Council's recent and ongoing preparation for a two year budget is an example of enhanced good practice

## **9. Medium-Term Financial Outlook 2015/16 to 2017/18**

- 9.1 Over the past four years the Council has experienced significant financial challenges. Since the announcement of the Comprehensive Spending Review in October 2010, the Council has had to deliver £100m of savings as a result of reductions in government funding, inflationary impacts and other demographic/cost pressures.
- 9.2 Based on the Autumn Statement 2014, the “Best Estimate” for the Medium-Term is that the council will continue to face further real reductions from government funding consistent with the past four years.
- 9.3 The Local Government Finance Settlement of February 2015 confirmed this with the reductions in 2015/16.
- 9.4 In addition to these funding cuts, there will be inflationary and other pressures. Based on forecasts by the Bank of England and the Office for Budget Responsibility it is estimated that the General Fund collectively faces inflationary pressures of c£6m per annum over the medium-term.
- 9.5 The 2015/16 reductions were confirmed in the Local Government Finance Settlement in December 2014. Prior to that the Council had made a number of working assumptions in order to plan for this and derive its best estimate of the medium-term budget gap.
- 9.6 On the basis of the above and the impact of service pressures and mitigations , the Council derived an overall Budget gap for the Council in 2015/16 of £36m and as has been demonstrated has refined and managed its budget proposals to the impact of that sum.
- 9.7 The Financial Settlement did not provide any information on the position for 2016/17 and beyond. Indications based on the last four financial years since the CSR (2010) was announced are that the same level of reductions will continue through to 2020, i.e. it is expected that the financial challenges will continue to the end of the decade.



## 10. Capital Programme to 2019/20

### **Background and Strategy**

- 10.1 The Council is committed to the achieving best value in providing essential services to the community. Capital proposals are considered within the Council's overall medium to long term priorities in delivering this, with the preparation of the five year programme an integral part of the Council's financial planning framework.
- 10.2 The Council's Capital Programme is set out over a five year period from 2015/16 to 2019/20. The proposed Capital Programme reflects the ongoing schemes from the 2010/11 to 2014/15 programme, issues arising from priorities set in the 2014/15 Medium Term Planning and changes in the future financial environment. The programme includes some significant projects which have been rolled forward from 2014/15 due to changes in their scope and scale, e.g. City Hall and Marylebone Library. The predicted net expenditure for the period is £305.94m.
- 10.3 In recent years the Capital Programme policy has been for net expenditure to be financed from capital receipts with internal borrowing funding any "timing" differences. The receipts are normally from the sale of assets that are surplus to requirements as determined by the Asset Management Strategy. The latest forecasts show capital receipts falling and are predicted to be £88.2m for the period 2015/16 to 2019/20. No receipts are forecast after 2017/18. With the predicted shortfall of £9.66m in 2014/15, the Council faces a potential funding gap of £227.40m to 2020 which will be met by:
- Reducing the level of capital expenditure
  - Borrowing to fund the shortfall
  - Identifying other sources / consequential revenue cost reductions.
- 10.4 The Capital Programme is overseen by the Capital Review Group (CRG), chaired by the Cabinet Member for Finance, Corporate and Customer Services. Its role is to monitor and provide input to the strategic direction of the Capital Programme. On a quarterly basis it reviews the full five year programme, both expenditure and receipts, with recommendations being included in future planning. In December 2014 it recommended the net programme for 2014/15, 2015/16 to 2016/17 and noted the net expenditure requirements for 2017/18 to 2019/20. The 2014/15 figures have since been updated to reflect the latest known position.
- 10.5 Its recommendation was that, given the significant reduction in financing for the programme, projects from 2017/18 will only proceed on an affordability basis with Service Areas being charged in full for any borrowing costs. This will include any costs for ongoing projects that may have commenced before 2017/18 and the incremental costs of schemes initially financed in 2016/17 or

earlier. On current estimates the revenue cost to fund the gap will be c£17.7m per annum by 2020.

- 10.6 To support the maintenance and upgrading of the Council's assets and mitigate the impact on the General Fund, the Council seeks to utilise external funding opportunities and resources. This may include bidding for new funding streams e.g. from Transport for London, aligning Council funds with third parties e.g. West End Partnership and utilising Section 106 and the proposed Community Infrastructure Levy monies. Any final decision on undertaking such projects will take account of both the financial and non-financial resources of the Council at the time the decision is required.
- 10.7 It is envisaged that, in the future, the use and availability of such funding will have a significant impact on the direction of the Capital Programme.
- 10.8 In addition to the General Fund Capital Programme the Council has capital funding requirements for the Housing Revenue Account (HRA) – (Section 10.33), Self financing projects (Section 10.32) and Temporary accommodation (Section - 10.35)

### **Current Position**

- 10.9 The Council is recommended to set the Capital Programme for the period 2015/16 to 2019/20, a five year time frame. CRG has recommended approval of the programme for the period to 2016/17 with years 2017/18 to 2019/20 only proceeding where affordable and services have the ability to fund the financing costs. The programme has been prepared on the basis of the external funding known at this time. As outlined in Section 10.7, it is likely that the gross expenditure will increase as new funding becomes available. Cabinet Members and Council will be updated as necessary.
- 10.10 The programme from 2015/16 to 2019/20 is made up of the following:
  - schemes that have been delayed from the previous five year time frame to 2014/15
  - rolling programmes for ongoing maintenance and development
  - new projects

### **Update on the 2014/15 capital programme**

- 10.11 The original 2014/15 net capital budget presented at the Council meeting in February 2014 was £57.54m. In December CRG approved a revised projected outturn of £65.34m, an increase of £7.81m. The change was primarily due the acquisition of Cavendish Square Gardens and Underground Car Park for

£17.82m which is partly offset by delays on the development of the new Marylebone Library for £9.69m. As at Period 10 the projected outturn is £61.19m.

10.12 As at Period 10 the net expenditure was £51.21m representing 84% of the forecast outturn. The 2015/16 figure has been updated to include £16.3m already identified as slippage. This will be updated to include any further slippage from 2014/15 once the final outturn is known.

10.13 The overall capital programme forecast outturn is £118.45m with external funding of £57.26m. Subject to the conditions of funding, any delayed schemes may be moved into future years at net nil cost to the Council.

10.14 Major schemes that have rolled forward from the 2014/15 programme include Marylebone Library (£12.65m, estimate under review) and City Hall (£32m), which will bring with it significant revenue benefits.

**Table 2 - Current projected outturn by Directorate (£m)**

Directorate	Gross outturn	External Funding	Net outturn	Original budget
<b>Adult Services</b>	1.48	0.73	0.75	0.93
<b>Children's Services</b>	20.26	17.22	3.04	4.71
<b>Corporate &amp; Commercial Services</b>				
ICT	3.65	-	3.65	3.00
Corporate	6.95	0.00	6.95	
<b>City Treasurer</b>	(5.0)	0.0	(5.0)	5.00
<b>Growth, Planning &amp; Housing</b>				
Housing	31.11	19.54	11.57	1.14
Built Environment	30.79	19.76	11.03	14.12
Property	24.54	0.01	24.53	11.42
<b>City Management &amp; Communities</b>	-		-	
Sports and Leisure	0.61	0.00	0.61	0.85
Libraries	0.84	0.00	0.84	11.70
City Management (inc parking)	3.23	0.00	3.23	4.65
<b>Total</b>	<b>118.45</b>	<b>57.26</b>	<b>61.19</b>	<b>57.52</b>

### Capital programme 2015/16 to 2019/20

10.15 The net expenditure requirement from the General Fund for 2019/20 is £305.94m. Capital receipts for the period to 2019/20 are predicted at £88.2m leaving a shortfall of £217.74m to be funded from borrowing (this increases to £227.40m when the shortfall from 2014/15 is included).

- 10.16 The Capital Programme for the period 2015/16 to 2019/20 is given in Table 3 and shows the net expenditure of £305.94m by Service Area. A detailed schedule showing project by Cabinet Member is in Annex C.
- 10.17 The major rolling programmes are within Built Environment (Footways and Carriageways, Lighting and Bridges and Structures) and Property (Facilities Management and Landlord Responsibilities).
- 10.18 Significant new projects over the next five years include the development at Dudley House (£60m), the University Technical College at Ebury Bridge (£15m) and Affordable Housing (£32m).

**Table 3 – Net capital expenditure programme: Summary by Service Area (£m)**

Directorate	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	Total
<b>Adult Services</b>	0.35	0.17	-	-	-	0.51
<b>Children's Services</b>	1.98	1.85	0.25	0.25	0.25	4.58
<b>Corporate &amp; Commercial Services</b>						
ICT	1.28	1.08	2.13	1.00	1.18	6.65
<b>City Treasurer</b>	15.18	5.18	5.73	5.75	5.75	37.58
<b>Growth, Planning &amp; Housing</b>						
Housing	7.17	2.69	6.30	0.52	0.52	17.19
Built Environment	17.82	14.40	14.02	16.31	15.76	78.31
Property	35.37	17.35	72.08	8.35	-	133.16
<b>City Management &amp; Communities</b>						
Sports and Leisure	1.85	1.27	0.89	0.64	0.80	5.43
Libraries	5.71	8.12	0.32	1.00	0.50	15.65
City Management (inc parking)	4.12	0.89	0.51	0.19	1.19	6.89
<b>Total</b>	<b>90.82</b>	<b>52.98</b>	<b>102.22</b>	<b>34.00</b>	<b>25.93</b>	<b>305.94</b>

- 10.19 Within the overall gross expenditure programme (£417.75m gross & £305.94m net), there are 19 major projects (both Council and externally funded) which total £319.69m (77%) and these are shown overleaf.

10.20 The main projects within the 2015/16 to 2019/20 year Capital Programme are:

**Table 4 – List of major projects 2015/16 – 2019/20**

	Gross FY15/16 - 19/20	Funding FY 15/16- 19/20	Net FY 15/16- 19/20
<b>Growth Planning and Housing</b>			
<b>Property Strategy - Expenditure</b>			
Dudley House	60.00	0.00	60.00
Lisson Health	9.34	0.00	9.34
City Hall Improvement	31.08	0.00	31.08
<b>Total Property Strategy</b>	<b>100.42</b>	<b>0.00</b>	<b>100.42</b>
<b>Property Operational</b>			
Landlord's Responsibilities	15.00	0.00	15.00
Forward Maintenance Plan	3.80	0.00	3.80
<b>Total Property Operational</b>	<b>18.80</b>	<b>0.00</b>	<b>18.80</b>
<b>Public Realm &amp; Highways</b>			
Carriageway Maintenance	13.69	0.00	13.69
Footway Programme	10.31	0.00	10.31
Lighting Improvements	8.36	0.00	8.36
Bridges and Structures	6.44	(0.38)	6.07
Fudned Area based, developer and security schemes	16.81	(15.51)	1.30
Queensway & Westbourne Grove	5.35	(2.95)	2.40
<b>Total Public Realm and Highways</b>	<b>60.94</b>	<b>(18.83)</b>	<b>42.11</b>
<b>Housing</b>			
Westminster Community Homes	3.20	(3.20)	-
291 Harrow Road	24.45	(12.55)	11.90
Affordable Housing	32.00	(32.00)	-
Disabled Facilities Grant	4.80	(3.21)	1.59
<b>Total Housing</b>	<b>64.45</b>	<b>(50.96)</b>	<b>13.49</b>
<b>Children's Services</b>			
<b>Children's Services</b>			
University Technical College - Ebury Bridge	15.00	(15.00)	
Wilberforce & King Solomon Academies	10.25	(7.05)	3.20
<b>Total Children's Services</b>	<b>25.25</b>	<b>(22.05)</b>	<b>3.20</b>
<b>City Management &amp; Communities</b>			
<b>Libraries</b>			
Marylebone Library	12.26	0.00	12.26
<b>Total Libraries</b>	<b>12.26</b>	<b>0.00</b>	<b>12.26</b>
<b>City Treasurer</b>			
Contingency	37.58	0.00	37.58
<b>Total Selected projects</b>	<b>319.69</b>	<b>(91.84)</b>	<b>227.84</b>

#### 10.21 Growth Planning and Housing

Property Strategy projects intend to generate improved performance from the Council's commercial property assets and includes some strategic new acquisitions to support existing asset clusters as well as developing current assets to create new income generating investment stock. This includes £60m for Dudley House (which will generate £4.1m p.a. in rental income) and £31.08m for the rolled forward plans for the City Hall improvements.

10.22 The £15m for potential Property expenditure is to maintain the operational condition of the Council assets such as libraries, depots, retail units etc. This will mitigate expenditure on revenue maintenance costs and maintain revenue income streams.

10.23 The majority of the £60.94m within Built Environment is to support the objective in delivering a well-managed and high quality streetscape and maintain the rolling programme on the infrastructure. The two specific Public Realm schemes are jointly funded by the Council and a third party.

10.24 The Housing and Libraries expenditure is linked to the broader regeneration programmes and the replacement of the library that was within Council House.

#### 10.25 Children's Services

The plans for Wilberforce and King Solomon are still in the early stages of development and link the broader capital plans for the academies.

#### 10.26 Contingency

In 2013/14 CRG created a Corporate Risk Contingency to deal with any emerging risks within the programme. This reflects that there are other projects at feasibility stage, e.g. Specialist Housing Strategy for Older People (SHSOP), that are not included within the figures in the report but which may require either interim or full funding within the next five years.

### **Capital requirements for 2015/16**

10.27 The net expenditure requirement from the General Fund for 2015/16 is £90.82m. Capital receipts for the year are predicted at £87.7m giving an in-year deficit of £3.12m.

10.28 The gross capital programme for 2015/16 is £178.66m with £87.84m in external funding. As shown in Table 5 nearly 67% of the expenditure relates to projects within Growth, Planning and Housing. Of this 49% will be funded from external financing within Housing and Built Environment. The main sources of financing are:

- Education Funding Agency £12m
- Department for Education £10.77m

- Section 106 funding for education purposes £6.4m
- Affordable Housing £36.08m.
- Third Parties such as Landowners £13.77m
- Transport For London £8.01m

**Table 5 – Capital Programme for 2015/16 only (£m)**

Directorate	Gross FY 15/16	Funding FY 15/16	Net FY 15/16
<b>Adult Services</b>	0.51	(0.17)	0.35
<b>Children's Services</b>	31.15	(29.17)	1.98
<b>Corporate &amp; Commercial Services</b>			
ICT	1.28	0.00	1.28
<b>City Treasurer</b>	15.18	0.00	15.18
<b>Growth, Planning &amp; Housing</b>			
Housing	43.89	(36.73)	7.17
Built Environment	39.60	(21.78)	17.82
Property	35.37	0.00	35.37
<b>City Management &amp; Communities</b>			
Sports and Leisure	1.85	0.00	1.85
Libraries	5.71	0.00	5.71
City Management (inc parking)	4.12	0.00	4.12
<b>Total</b>	<b>178.66</b>	<b>(87.84)</b>	<b>90.82</b>

**Revenue consequences of the capital programme**

10.29 Based on the current estimates the Capital Programme will require £227.40m by 2020 resulting in an annual charge to revenue of c£17.7m p.a. if this were borrowed in full. Table 6 shows the funding gap by year.

**Table 6 - Annual and cumulative funding gap**

£M	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	Total
CRG (Dec) projected expenditure (net)	61.19	90.82	52.98	102.22	34.00	25.93	367.13
Capital Receipts	(51.53)	(87.70)	(0.50)	0.00	0.00	0.00	(139.73)
Annual Net Funding Surplus / (Gap)	(9.66)	(3.12)	(52.48)	(102.22)	(34.00)	(25.93)	<b>(227.40)</b>
<b>Cumulative Net Funding Surplus / (Gap)</b>	<b>(9.66)</b>	<b>(12.78)</b>	<b>(65.25)</b>	<b>(167.47)</b>	<b>(201.47)</b>	<b>(227.40)</b>	

10.30 Funding the gap from borrowing will incur debt service charges and impact the medium term projections adversely. Currently debt service costs are estimated at 6.75% and reflect the Minimum Revenue Provision and Interest costs. Within the current programme any borrowing costs are funded centrally and this will continue until 2016/17. However from 2017/18 the revenue costs of associated borrowing schemes will be financed by revenue savings from relevant service areas.

## Self-financing

- 10.31 A small portion of the Council's cash balances has been set aside to fund certain schemes via an internal loan. Such schemes have to meet strict criteria including generating additional cash to the Council and are classed as self financing. Past projects have included Park Lane Car Park, 40 Wellington Road. The funds are managed by Finance and capped at £50m.

## Housing Revenue Account (HRA) Capital for 2015/16 to 2019/20

- 10.32 The expenditure requirement from the Housing Revenue Account (HRA) for the period 2015/16 to 2019/20 is £334.33m (shown in Table 7). This will be funded from £173.61m of HRA resources and £152.23m from Capital receipts, leaving a shortfall of £8.5m to be funded from borrowing.

**Table 7 - HRA Expenditure and funding by year for the period 2015/16 to 2019/20**

Directorate	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	Total
Capital Programme	46.50	46.50	45.55	43.95	41.55	224.05
Regeneration Schemes	35.07	34.39	11.75	8.25	-	89.46
Other	8.26	5.96	3.00	3.60	-	20.82
<b>Total Expenditure</b>	<b>89.83</b>	<b>86.85</b>	<b>60.30</b>	<b>55.80</b>	<b>41.55</b>	<b>334.33</b>
Capital receipts	(39.77)	(55.95)	(33.23)	(23.29)	0.00	(152.23)
HRA Reserves	(47.76)	(24.70)	(27.08)	(32.52)	(41.55)	(173.61)
<b>Total Funding</b>	<b>(87.53)</b>	<b>(80.65)</b>	<b>(60.30)</b>	<b>(55.80)</b>	<b>(41.55)</b>	<b>(325.83)</b>
Annual Net Funding Surplus / (Gap)	(2.30)	(6.20)	(0.00)	(0.00)	0.00	<b>(8.50)</b>
<b>Cumulative Net Funding Surplus / (Gap)</b>	<b>(2.30)</b>	<b>(8.50)</b>	<b>(8.50)</b>	<b>(8.50)</b>	<b>(8.50)</b>	

- 10.33 The expenditure over the five year period is required to deliver the plans of the approved HRA Investment Strategy. The programme of investment in existing stock will bring all stock up to the City West Homes standard by 2017. The Housing Renewal Programme will deliver over 800 new mixed-tenure homes along with wider benefits to the city's poorest neighbourhoods. The main elements of the expenditure programme are:
- £224.05m on works to existing stock including major repairs;
  - £89.46m on housing estate renewal such as Ebury Bridge and Lisson Arches and;
  - £20.82m on new housing supply schemes including Edgware Road development.
- 10.34 To support the supply of permanent Temporary Accommodation and help address the pressures around homelessness £30m is required to fund the purchase of 150 properties to provide suitable affordable housing. For 2014/15 £7.71m is included in the projected outturn and the project will be funded by borrowing by the General Fund.



## **11. Key Legislative and Policy Initiatives**

11.1 There are a number of financial uncertainties which could have material impacts on the Council's activities with potentially significant financial consequences, these are being kept under review and are summarised below

### **a) The Anti-Social Behaviour, Crime and Policing Act**

The Anti-Social Behaviour, Crime and Policing Act 2014 was enacted on the 14th March 2014 and contains new powers which affect the City Council. The new Act replaces pre-existing 19 anti-social behaviour powers with 9 consolidated powers, introduces absolute grounds for possession for landlords and gives repeat victims of ASB the opportunity to trigger a review of their case as well as a greater say in punishments for offenders.

Many of the changes, such as the replacement of ASBOs with Civil Injunctions and Criminal Behaviour Orders, are more simplification and changes to process than a fundamental break with the past and therefore there should be no ongoing revenue costs associated. Instead there have been increased one-off costs absorbed during 2014/15 for training staff in the application of new powers. Other changes, such as the community trigger and community remedy, are being implemented in a manner which limits the financial implications associated with the new legislation. The new powers are being integrated into core business and complement existing processes to manage anti-social behaviour which go beyond punitive measures and seek more consensual outcomes to neighbourhood disputes.

### **b) Licensing fee cost recovery**

The Police Reform and Social Responsibility Act 2011 amended the Licensing Act 2003 to introduce a power for the Home Secretary to prescribe in regulations that in future fee levels should be set by individual licensing authorities to enable them to recover their licensing costs. The current nationally set fee structure was designed in 2005 to enable licensing authorities to cover the costs of administering an effective licensing function.

As a result of a nationally set-structure, which has not been adjusted since its introduction, it has previously been estimated that Westminster's shortfall between fees recovered and costs of administering the largest scale licensing operation in the country is between £2m-£3m per annum. During early 2014, the Home Office consulted on important aspects of the regulations which will govern locally set fees. In its response, the Council expressed concern that the consultation did not go far enough in recognising the fundamental issues faced by an authority such as Westminster. The government has yet to publish its response to the consultation

## c) **Deregulation Bill**

### Housing and Right to buy

The Bill removes the statutory requirement for local authorities to publish a housing strategy. The City Council is however updating its housing strategy in 2015 as this is considered good practice and is a framework, within which, to review and update existing housing policies. A range of new policies are being considered and the cost implications are being assessed.

The Bill reduces the qualifying period in social housing for right-to-buy from 5 to 3 years. The actual date this will come into effect is not yet known. This is in addition to raising the maximum discount to £100k which has already come into effect. During 2013/14 there were 271 applications and 60 completions and at October 2014 there were 167 applications and 27 completions.

Increases in applications and completions are difficult to quantify. Based on the number of enquiries from tenants about the impending change in qualifying period, it is expected that there will be an early and significant increase in the number of applications, but that the majority of these will be speculative and most people will not be able to raise the finance to buy.

### Short-term lets

Clause 34 of the Deregulation Bill seeks to repeal the Greater London Powers Act 1973 regarding the management of short term lettings of properties in London. This would effectively allow home or property owners to let out their property for short periods (less than 90 days) as often as they could with no prior notification procedure or the need to obtain planning permission.

Clause 34 on its own only provides the Secretary of State with regulation-making powers; it does not stipulate the way in which the deregulation would work in practice. That detail will be included in the regulations that follow. It is not known therefore what the impact is likely to be, if any in budgetary terms for the Council, but nonetheless, this legislation does present a latent risk to the Westminster area and as such work is ongoing to influence government officials and politicians to rethink their position on this clause.

#### **d) Licensing**

The Deregulation Bill has a number of potential impacts for Westminster's licensing service. Key changes are:

- Introduction of Community & Ancillary Sellers notices (CANs) – These will operate in addition to the existing process of Temporary Event Notices. It is proposed that CANs will offer a simplified process for granting permission to community groups and small businesses who would like to provide small amounts of alcohol as part of a wider service. There would be some workload and potential cost implications for the council in setting up new procedures to deliver the regime. The consultation for CANs is currently open and work is underway to develop the Westminster response.
- Increase in Temporary Event Notices (TENs) – The Bill indicates that the current limit of 12 notices per calendar year will increase to 15. TENs by their nature have costs associated to them, as the fee to applicants is currently too low to cover our costs, so any increase in the volume of TENs processed will amplify this effect.
- Personal Licences – The Bill aims to remove the need for personal licence holders to renew their licences. This actually benefits the City Council as the Licensing Act 2003 came in to force in 2005, so a large number of personal licences - which have a 10 year life span - were issued at that time, and would consequently be due for renewal later next year. The Government currently proposes to bring forward, as part of the Deregulation Bill, some amendments to allow a much shorter renewal process. If such changes come into force as planned, early next year the very considerable workload of renewing a large volume of personal licences in the traditional way would be short circuited.
- Licensing of Late Night Refreshment – The Bill introduces additional provisions for the Licensing Authority to exempt designated premises, areas and times from this requirement. Deciding if and how we may wish to implement these provisions may carry some additional costs and would need to be a full Licensing Committee decision.

## e) **Growth Deal**

Following the headline negotiation of London's Growth Deal announced in July, further negotiations with Government have been ongoing across a range of areas, prominently employment and skills. Whilst engaging with London Councils and the GLA / LEP on a wider range of issues, the key element of Westminster's involvement to date has been working with partners in Central London Forward to lead the development of a pilot programme for long-term unemployed residents.

The pilot, which will be run as a randomised control trial with participants being randomly referred by Jobcentre Plus, aims to work with nearly 4,000 individuals across central London over 5 years and will use a 'case worker' model to provide intensive support to residents, integrated with relevant local services. This is being funded by £11m from London's European Social Fund allocation, with no match required from participating local authorities as part of a strictly one-off agreement with DWP.

Further to this, and in the context of the increased prominence of the debate on decentralisation of power to cities and regions in the wake of the Scottish referendum, cities including London have been considering approaches to seeking further freedoms and flexibilities to drive growth and reform public services.

The further deal announced for Greater Manchester in early November, and the further deals with Northern cities being negotiated, are key milestones for these discussions. The CLF pilot forms an important platform for further work on devolution to London being discussed between groups of boroughs, London Councils, the GLA and the London Enterprise Panel (LEP), building on the Growth Deal agreed in summer 2014. Westminster is taking a leading role in these discussions, including through the Leader's devolution and public service reform lead role on the London Councils Executive.

Further ambitions around boroughs' role in shaping provision for employment, skills and complex dependency in London are currently being refined with a view to putting forward an approach to Government, jointly with the Mayor of London.

In the longer term it is hoped that this work will lead to the devolution of significant responsibilities and accompanying budgets to London, requiring joint working between groups of boroughs and between boroughs and the Mayor.

## f) The Care Act

The Care Act 2014 will implement the following key changes to the current care and support system, by April 2015:

- Implementation of eligibility framework & a single set of criteria for Carers
- All service users will be in receipt of a personal budget (includes a review of the appropriateness of the resource allocation system)
- Assessment processes in line with Care Act requirements (includes Carers Assessments, assessment of self-funders, and prevention duty)
- Implementation of new safeguarding duties
- Market shaping responsibilities embedded (including Market Position Statement and protocols regarding duty around provider failure)
- Managing transition from children and young people services to adults services which includes a right to an “adults” assessment prior to the 18th Birthday. This right also extends to carers of children and young people.
- Information and advice provision (across operations and commissioned services) and provision of preventative services
- Provision of an advocacy service and Deferred Payment Agreements; which will allow people to defer paying for the cost of their residential care until after their death, so that people do not have to sell their home in their lifetime to pay for residential care.

From April 2016, it will:

- Introduce a financial cap on the costs that people have to pay to meet their eligible needs (from April 2016). This cap will be set at £72,000. Local Authorities have a duty to carry out a needs assessment in order to determine an adult’s care and support needs.
- Ensure people in care homes remain responsible for their living costs if they can afford to pay them. A personal contribution to living costs of around £12,000 a year will be introduced from (April 2016). This will not count towards the cap. We are expecting an increase in the number of assessments required to be undertaken locally from April 2015. These additional assessments will comprise of carers’ assessments and assessments of self-funders aged 65 years and over.

There will also be additional financial pressures facing Westminster prior to 2016/17 as a result of delivering the changes required by the Act. These additional pressures include resourcing increased challenges and complaints, increased demand for information and advice, managing Care Accounts and additional demands upon front line and back office staff.

#### **g) The Better Care Fund**

The Better Care Fund is a single pooled budget for health and social care services to work more closely together in local areas, based on a plan agreed between the NHS and local authorities which will support the aim of providing people with the right care, in the right place, at the right time, including expansion of care in community settings. This will build on the Out of Hospital strategies of our local Clinical Commissioning Groups and our local authority plans expressed locally through the Community Budget and Pioneer programmes.

The borough's Better Care Fund plan will invest £0.8m in Community Independence Services in 2015/16 and a further £0.7m to help the Council meet its new duties under the Care Act: a total of £1.5m.

The Community Independence Service is designed to help people who are very unwell, and at risk of a spell in hospital, to have treatment at home. It will also help people leave hospital as soon as they are well enough and have good quality care at home while they get better. We expect that new investment in Community Independence Services will help around 700 - 800 residents in 2015/16.

The Better Care Fund Plan was developed within the existing Whole Systems partnership between the local authority and the NHS, with service providers and with service user and carer representatives including HealthWatch, and reflects the shared aspirations for integrated care. Westminster City Council, Kensington and Chelsea and Hammersmith and Fulham Councils alongside our three Clinical Commissioning Groups developed a strong Better Care Fund Plan which was approved without any conditions. This included a very sound financial agreement for the local authority which includes investment in front-line adult care services next year.

#### **h) Public Health Commissioning (0 – 5 years old)**

In October 2015, public health commissioned services for children aged 0 – 5 years (mainly consisting of the health visiting service and the family nurse partnerships) will transfer from NHS England (NHSE) to the local authority. Westminster City Council will receive an increase in the ring-fenced public health grant reflecting the cost of these new responsibilities.

The exact level of this increase and the size of the liabilities from the current contract for these commissioned services are in the process of being determined between NHS England, the current provider (Central London Community Healthcare) and the council.

At the time of writing, for Westminster City Council there is a potential shortfall between the proposed additional grant monies and the liabilities to be inherited from this transfer. It is estimated that this shortfall amounts to around £700,000 per annum. In 2015/16 this would represent an overall deficit of £350,000. The council is continuing to work with CLCH and NHSE to resolve this difference.

Following this transfer of additional public health responsibilities, we anticipate that there will be an increase in the commissioning and contract management support required to undertake these new responsibilities effectively. We are clarifying whether additional funding will be received from NHS England to cover this increased cost.

**i) Children and Families Act 2014**

The requirements of the Children and Families Act, which came into effect from 1 September 2014, represent some of the most significant changes to the way that services are delivered for young people with special educational needs (SEN) in the past 30 years. There are also reforms within the Act that aim to address delays in the adoption system and reduce the length of time it takes to complete care proceedings within the Family Justice system.

The significant SEN changes aim to improve cooperation between all the services that support children and their families. 'Statements' of SEN have been replaced with a new jointly assessed 'Education, Health and Care plan', which is available for an extended age range (from birth to 25). Local authorities are required to publish a 'Local Offer' outlining the provision that is available for young people with SEN and disabilities, and are required to offer families the option of a 'personal budget' with which to purchase services.

The extended age range presents a financial risk as there is the potential for an increased number of young people with statutory plans that need to be met via local provision. There will also be pressure on capacity of current teams during the three year transition period as young people with statements are transferred to Education, Health and Care plans.

Children's Services are leading on the implementation of the legislation and the management of risk, working closely with representatives from both Children's and Adult Social Care, Health, the third sector and local parents' groups. The full implementation of the reforms and transition into 'business as usual' is likely to take three years.

**j) Annual Pension Update**

In the actuarial triennial valuation as at 31 March 2013, the employer's contribution to be made by Westminster has been set for the three years to 31 March 2016. The employer's contribution is a combination of payment for future service obligations, and payment for deficit reduction. In 2014/15, these payments were 20.6% of payroll for those staff in the fund and in 2015/16 this will rise to 22.6%.

The funding level (for the fund as a whole) calculated in the actuarial review was 74%. The Council chose to take a more risk averse approach and so the deficit recovery period has been reduced to 25 years from 30 years. The Council is therefore increasing its contributions in a stepped manner over the five years to 18/19.

The Government generally, and CLG in particular, are consulting on changes to public sector pension schemes. Proposals have included a form of collective purchasing combination and a merger of Local Government Pension Scheme (LGPS) schemes. It is not known at this stage what might result from these discussions, nor the timing of any implementation were the necessary regulatory issues dealt with.

A new LGPS came into force from April 2014 (LGPS 2014) whereby the pension is now based on a CARE (Career Average Revalued Earnings) approach. The employee contribution rates were also increased for those earning more than approximately £45,000.



## **12. Reserves Policy**

- 12.1 In the last two Council Tax Reports the Council indicated the level of General Reserves, reviewed and agreed by the Audit and Performance Committee, would ideally be in the range of £30m-£40m reflecting the risks associated with the substantial ongoing change programme and volatility of costs and income of the Council – being just over 1% of our combined total General Fund gross expenditure and income. We continue to make progress towards achieving this target.
- 12.2 We plan to continue to adopt this strategy. The 2014/15 budget anticipated a £2m use of Reserves with Closing Reserves falling to £33m at year-end. At the current time of writing, the latest forecast and assessment of risks and opportunities indicates that the Council will achieve budget. Any improvement of the financial position will mean that there will not need to be as much dependency upon General Fund Reserves, leading to a closing position possibly at £35m. The final level is dependent on how the financial picture emerges in the final months of the year.
- 12.3 In 2015/16 and over the medium-term we will continue to monitor risks closely and report them regularly throughout the year. We will maintain our focus on the emerging landscape for business rates, successfully delivering the major change programmes planned and progressing further rationalisations which will deliver the financial savings required over the next 2-3 years.
- 12.4 In addition to General Reserves, Earmarked Reserves as set out in the Council's accounts were brought forward at the beginning of 2014/15. A number of earmarked reserves will be used or created both by the end of 2014/15 and in the course of 2015/16 which will be set aside for specific purposes such as are detailed in **Schedule 6**. Clearly this is an estimate at this point in time and may change as the accounts are closed for 2014/15, they are also subject to change as we determine if Reserves need to be augmented for significant transformation and change programmes over the remainder of the financial year. On this basis reserves are considered to be adequate at this point in time

## **13. Cash and Financing**

- 13.1 The Treasury Management Strategy is presented for approval at the 23rd February Cabinet meeting on the same agenda as this report. It sets out the Council's position on the management of cash and borrowings.
- 13.2 It provides routine updates on the financing position and seeks the continued use of investment options that have been used in the current financial year, within a conservative risk structure. With the implementation of HRA Self-financing under the Localism Act, the borrowing and cash elements of the HRA and General Fund are managed on a notionally separate basis.
- 13.3 Cash balances are expected to remain high over the next two to three years (taking into account Capital receipts and expenditure and movements in working capital balances) declining towards the end of that time with the funding

of the expected capital programme. Given the prevailing low level of interest rates, Officers are keeping under review whether there is opportunity to borrow now, and also considering voluntary early repayment of current external borrowing with a higher interest rate as a way of making more efficient use of funds in the longer term.

- 13.4 As a result, there may be further external borrowing in 2015/16 to fund either specific projects or the capital programme more generally. Depending on the timing of project implementation, there may be a need for the HRA to borrow amounts under £10m (in total) over the next three years.

#### **14. Council Tax**

- 14.1 The standard Band D Council Tax amount for 2014/15 was the lowest in the country at £377.74 (£676.74 including the GLA precept). The recommendation to keep the Council Tax at this amount will mean that 2015/16 will be the eighth consecutive year that Westminster's Council Tax has been frozen, with the GLA precept being proposed to drop by £4.00.
- 14.2 The tax base (the number of Band D equivalent properties) was formally agreed by Full Council on the 21st January 2015 at 121,890.83 equivalent properties. Therefore, based on the recommended proposal to freeze the Council Tax at £377.74, the total amount collectable for Council Tax in 2014/15 would be £46.04m. This would represent an increase in Council Tax receipts of £426k over the equivalent figure for 2014/15 and is the result of organic growth in the number and composition of properties eligible for Council Tax within Westminster.
- 14.3 For the second time, the Queen's Park Community Council will levy its own precept. The determined tax base for the area is 3,156.38 Band D equivalent properties and expects to raise £140k having set the same Band D amount of £44.40 as was set in 2014/15. This additional Band D amount will be levied on all relevant properties within the Queen's Park boundary and will be charged in addition to the Westminster and GLA basic amount.
- 14.4 The Montpelier Square Garden Committee (as mentioned in paragraph 2.1) also collect their charges from local residents via a Special Expense levied as part of the Council Tax demand. They wish to maintain the total charge at £32,500 in 2015/16. The tax base for this area has however changed from the estimated 94.56 properties in 2014/15 to 94.16 in 2015/16 (as agreed by Full Council in January 2015). Accordingly, the average Band D amount increases slightly to reflect the tax base reduction, rising from £343.70 to £345.16.
- 14.5 The Mayor has published his intentions to reduce his equivalent Band D amount for 2015/16 from £299.00 to £295.00 – the Assembly meets to consider these proposals on 23<sup>rd</sup> February.

14.6 The Table below summarises the total expected amounts collectable from residents of Westminster and the composition of charges for individual residents at the Band D equivalent level.

**Table 8 – Band D composition**

	Queen's Park	Montpelier Square	Rest of Westminster
Band D Amounts:			
Westminster City Council	£377.74	£377.74	£377.74
Queen's Park Community Council	£44.40		
Montpelier Square Garden Committee		£345.16	
	<b>£422.14</b>	<b>£722.90</b>	<b>£377.74</b>
Greater London Authority	£295.00	£295.00	£295.00
<b>Total Band D Equivalent Amount</b>	<b>717.14</b>	<b>1017.9</b>	<b>672.74</b>
Taxbase:	3,156.4	94.2	118,640.3
Total Collectable			
Westminster City Council	£1,192,291	£35,568	£44,815,183
Queen's Park Community Council	£140,143		
Montpelier Square Garden Committee		£32,500	
	<b>£1,332,434</b>	<b>£68,068</b>	<b>£44,815,183</b>
Greater London Authority	£931,132	£27,777	£34,998,886
	<b>£2,263,566</b>	<b>£95,845</b>	<b>£79,814,069</b>

14.7 **Schedule 9** of this report sets out the expenditure by portfolio on which the above Council Tax receipts are spent.

## **15 Schools**

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

- 15.1 Schools are funded primarily via the ring-fenced DSG and thus Council Tax income is not used to fund schools-related expenditure.
- 15.2 The DSG consists of three separate blocks of funding: the Schools' Block, High Needs' Block and Early Years' Block. Although each of the separate blocks are not separately ring-fenced, the DSG overall continues to be ring-fenced. The DfE published the findings of the "Fairer Funding for Schools Consultation" in the summer of 2014. The outcome of the consultation is that Westminster will receive additional DSG funding of £3m (subject to confirmed pupil numbers) in 2015/16.
- 15.3 The Council is able to retain an amount of DSG to pay for the education of pupils who are the responsibility of Westminster but who are not in Westminster schools. The Council does not contribute any of its own resources to fund schools, but it is required to fund the management and administration of education services from its own Council Tax/Formula Grant resources.

### **Pupil Premium**

- 15.4 Pupil Premium for primary schools (per year) will be £1,320 per FSM6 pupil (£20 increase on 2014/15), and for secondary schools will be £935 per FSM6 pupil (unchanged) in 2015/16 (FSM6 refers to a child that has been entitled to a free school meal at any point in the past six years).
- 15.5 There is also a Pupil Premium for looked after children and service children (children of parents who are in the armed forces).
- 15.6 It is for schools to decide how the Pupil Premium should be spent, however the DfE intends that schools will be held accountable for the impact of its use.
- 15.7 From 2015/16 Pupil Premium is being introduced for 3 and 4 year old children at a rate of £300 per annum per eligible child.

### **Academies/"Free Schools"**

- 15.8 Westminster schools that convert to Academy status or newly established "Free Schools" obtain their funding directly from the Education Funding Agency. They will receive a budget share equivalent to what they would have had if they were a Westminster school (funded in most cases by an adjustment to the DSG paid to the Council).

## **16 Housing Revenue Account (HRA)**

- 16.1 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.
- 16.2 It accounts for the management and maintenance of 12,150 units of social housing and 9,100 leaseholders within Westminster. The HRA itself is required to set a balanced budget and must not go into deficit, after taking account of HRA Reserves.
- 16.3 In 2012 the HRA moved from a national subsidy system of financing to one of self-financing. In order to facilitate this the Council was required to buy out of the subsidy system through taking on £68m of extra borrowing within the HRA, but in return gets to keep all future rental income.
- 16.4 The Council's Arm's Length Management Organisation, CityWest Homes Ltd (CWH), undertakes the housing management function on behalf of the Council and has responsibility for the long-term investment needs of the stock estimated at £1.38bn.
- 16.5 The Government continues to control rent levels and rent increases through Rent Rebate Subsidy Limitation. This mechanism limits the amount of eligible housing benefit payable if average rent increases by a Local Authority exceed Government determined limits. The presumption underlying self-financing has now changed and is that for the next ten years social rents will increase by CPI+1%. Self-financing presents the Local Authority with a number of uncertainties and risks that will need to be monitored and actively managed. These include the impact on cash flow of forward funding the Council's Regeneration programme. In addition other risks identified include the impact of the Right to Buy, interest rate risk, and the impact of welfare reform on future changes to housing benefit collection/payment.
- 16.6 There are significant positive benefits of self-financing including the ability to adopt a more strategic planning horizon, to engage in more commercially focused active asset management approaches, and the ability to make significant improvements in the procurement process. The Council is actively exploring the flexibilities and freedoms that these changes present to benefit the Council as a whole and to grow the HRA.
- 16.7 Self-financing enables a longer-term approach to business planning than implied by a medium-term financial planning horizon of 3-5 years. The Self-financing HRA is underpinned by a 30 year business model that factors in assumptions about the level of future revenue expenditure and income and the required level of housing investment. Current modelling indicates that the HRA is financially viable and able to fund a programme of Capital investment of £334m over the next five years. It also has a degree of additional headroom and capacity following changes to the plan in 2014-15, that would if applied enable it to cash flow and finance an additional investment of £85m. The Council and CWH are currently undertaking further work in order to assess how

to apply this and is likely to be included in the following years HRA investment plan. The development of an ongoing active asset management strategy will also help to underpin the future operation of the HRA and enhance the viability of the account as well as help to develop headroom to reconfigure the stock and to undertake an initially limited programme of building new homes.

- 16.8 The HRA budget for 2014/2015 and 2015/2016 is summarised in **Schedule 12** and the proposed HRA Capital Programme in **Schedule 11**.
- 16.9 The Housing Investment Strategy and HRA Business Plan was previously presented to Cabinet on 15th December 2014 to approve the five year (2015-16 to 2019-20) Capital budget for the HRA.

## **17 Levies and Special Charges**

- 17.1 A number of organisations have statutory powers to generate income by raising charges by means of a levy on Westminster City Council – these are: The London Pensions Fund Authority (LPFA); The Environment Agency; and the Lee Valley Regional Park Authority.
- 17.2 At present only two of these three bodies have issued their finalised levy demands and thus we are unable to provide final figures at this stage. We expect to receive this figure close to the deadline for formal despatch of the Cabinet report (indeed in previous years we have had to provide an update to Full Council as the information has been received following the Cabinet meeting).
- 17.3 In addition to bodies having the power to charge a levy against the City Council, the Montpelier Square Garden Committee have, and exercise, a right to raise income for the upkeep of the residents' garden by a Special Expense – chargeable to the local residents who have use of the facility. They have proposed to maintain the overall amount collectable at the 2014/15 amount of £32,500. Further details of this can be found in **Section 14** of this report.

## **18 Greater London Authority (GLA) Precept**

- 18.1 The Mayor of London has published his Draft Budget which will be considered by the Assembly on 23rd February 2015. As part of that budget he has proposed a reduction in the 2014/15 Band D precept from £299.00 down to £295.00 for 2015/16 – representing a 1.3% reduction.
- 18.2 The total amount expected to be raised by the GLA from Westminster residents is therefore expected to be £35.96m – the reduction in the Band D amount saving residents a total of £488k.
- 18.3 The GLA Budget and Band D equivalent amount is not expected to materially change from the proposal – however any changes will be verbally notified to Cabinet on the night of the meeting.

## **19 Consultation with the Community and Stakeholders**

- 19.1 Section 65 of the Local Government Act 1992 places a duty on the Council to consult each year with representatives of the local business community on its budget proposals.
- 19.2 Details of the Council's budget proposals have been published on the Council's website via the Budget Scrutiny meeting papers (see Section 20 and Annex A for further detail), and 13 separate representative business bodies written to, inviting them to comment on the budget proposals for 2015/16.
- 19.3 The majority of proposed savings throughout the council are based on plans that will not affect service users and residents. Therefore there has not been a need for consultation in every department in this financial year. Where it is required, the Council has met its statutory requirements on consultation and undertaken extensive engagement.

### **19.4 Budget consultation by Cabinet Member Portfolio**

#### **19.4.1. Built Environment**

Built Environment savings proposals arise from internal efficiency plans and therefore do not need to be consulted on externally. The newly created Efficiency Board which will commence April 2015 will consult internally with officers, members and contractors.

#### **19.4.2. Adults and Public Health**

The proposals are mainly to improve a service, and will therefore not adversely affect service users, it was therefore decided that consultation was not required.

The Adult Social Care transformation operations alignment and customer journey proposals are being redesigned and any consultations that are required will take place in the next financial year.

#### **19.4.3. Housing, Regeneration, Business and Economic Development**

13 representative businesses bodies were asked to provide their comments on the proposed 2015/16 budget via email.

The council received two substantive responses which asserted a generally supportive stance towards the Council's financial position. The responses also raised suggestions concerning funding arrangements between the Council and business improvement districts. The responses have been noted by the Finance department and reviewed by the Business and Economic Development department. No amendment to any of the savings proposals is deemed necessary.

#### **19.4.4. Children and Young People**

The Children's Services department have undertaken extensive consultation and engagement due to the nature of their proposals affecting service users.

Changes to Children's Centres required statutory consultation, which the department undertook. The department also engaged service providers and key stakeholders on youth provision and the play service. Consultation and engagement activities included public consultation meetings, focus groups, engagement events and surveys. The consultation web pages also received a substantial number of visits.

Key points and key themes of feedback from the consultation are being presented to Cabinet in a separate report on 23<sup>rd</sup> February 2015 and are therefore not set out here.

#### **19.4.5. City Management**

The proposals do not have a customer impact, and there is no statutory duty to consult, therefore consultation is not required.

#### **19.4.6. Sustainability and Parking**

The medium term planning proposal for the Parking transformation programme is a full year effect of changes already implemented. Therefore, consultation is not required.

#### **19.4.7. Public Protection**

Informal engagement with stakeholders has taken place where necessary, namely the CCTV proposals. However, majority of proposals do not affect customers, therefore consultation is not required.

#### **19.4.8. Sport, Leisure and Open Spaces**

The proposals have a mixture of consultation requirements; sports and leisure breakeven model proposals were consulted on in 2012. Informal engagement through discussions with key stakeholders that are affected by the parks and cemeteries proposals has taken place recently; removal of budget under spend in voluntary and community based services and changes to accounting proposals in the capitalisation of library books do not affect users and therefore do not require consultation.

## **20 The Scrutiny Process**

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

20.2 "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."

20.3 These terms of reference were agreed by the current Budget and Performance Task Group at their first meeting on 2<sup>nd</sup> February 2015.



- 20.4 Cabinet must *take into account* and *give due regard* of any views and recommendations from the Budget and Performance Task Group in drawing up firm budget proposals for submission to the Council, and the report to Council must reflect those comments (and those of other Task Groups and Committees, if any) and the Cabinet's response.
- 20.5 The first meeting of the Budget and Performance Task Group on Monday 2<sup>nd</sup> February 2015 appointed Councillor Tim Mitchell as Chairman, confirmed the group's membership and agreed its programme of work and corresponding timetable. A second Task Group meeting took place on Thursday 5<sup>th</sup> February. There were presentations from senior Council officers at both meetings on the key issues and changes arising in the 2015/16 budget, and questions raised by the members of the Budget and Performance Task Group were addressed.
- 20.6 The minutes of both meetings are presented in **Annex A** to this report. **Annex A** also highlights a number of risks associated with the Council's budget for 2015/16 and makes a number of recommendations.

## **21 Legal implications**

- 21.1 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.
- 21.2 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.
- 21.3 The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Tax payers and ratepayers on the one hand and the users of Council services on the other are both taken into account.
- 21.4 Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council has a statutory duty to have regard to the report of the City Treasurer on these issues when making decisions about its budget calculations. Attention is drawn to the report as set out in Sections 7, 8, 9, 10, and 12 above respectively and in particular paragraphs 1.10 and 12.4, where it is stated that the estimates are sufficiently robust for the purposes of the

calculations and that the proposed financial balances and reserves over the medium term are adequate, particularly in reference to risks and budget robustness as set out in **Section 8**.

- 21.5 Some savings proposals may only be delivered after specific statutory or other legal procedures have been followed and/or consultation taken place. Where consultation is required the Council cannot rule out the possibility that they may change their minds on the proposal as a result of the responses to a consultation, and further reports to Cabinet or cabinet member (as appropriate) may be required.
- 21.6 Apart from statutory duties relating to specific proposals the Council must consider its obligations under the Equality Act. This is addressed in **Section 23**. 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.
- 21.7 Section 106, Local Government Finance Act 1992, applies to Members where:
- they are present at a meeting of the Council, the Cabinet or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months; and
  - any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.
- 21.8 In these circumstances, any such Members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter. Such Members are not debarred from speaking. Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

## **22. Human Resource Comments**

- 22.1 The Council commenced formal consultation for the restructure of the Finance function on 10th September 2014. This was a 30 day process. There were 60 posts in scope and 56 posts were deleted with 51 posts being created, a reduction of 5 substantive posts. This gave a total for the new Finance structure of 55 posts. There were 8 staff made redundant, this along with the planned departure of agency contractors gives a budgeted savings total of £1,100k.
- 22.2. The Council also reorganised its three single borough departments and held a formal consultation meeting with the Trades Unions on Friday 14th November 2014. This marked the commencement of the formal 30 day consultation with

the unions and staff on the nature of the proposed redundancies, how compulsory redundancies might be reduced or avoided and how we might mitigate the impact upon staff. This consultation period formally closed on 13th December 2014. At that point, the Council reflected on the feedback and published the final structure before the end of the calendar year.

- 22.3. The Consultation papers for City Management, Strategy and Communications and Housing, Property and Regeneration set out the rationale, savings, headcount reductions, new structures and new departmental titles.
- 22.4. City Management has been renamed as City Management and Communities. The new structure will deliver £2,714k full year savings with a reduction of 81.7 substantive posts. 307.3 posts have been deleted and 225.6 posts created.
- 22.5. Strategy and Communications has been renamed as Policy, Performance and Communications. The new structure will deliver £770k full year savings with a reduction of 17 posts. 88 posts have been deleted and 71 posts created.
- 22.6. Housing, Property and Regeneration and Built Environment has been renamed as Growth, Planning and Housing. The new structure will deliver £1,050k full year savings with a reduction of 20 substantive posts. 73 posts have been deleted from the previous structure and 53 posts created.
- 22.7. The overall savings for the Council are £5,634k for 2015/16 and there will be a reduction of 123.7 substantive posts. It is anticipated that 85 staff will be made redundant as a result of the deletion of the posts.
- 22.8. In accordance with statutory requirements, an HR1 form was issued in order to inform the Department of Business, Innovation and Skills (BIS) of up to 85 potential redundancies.
- 22.9. As part of the consultation process, a Voluntary Redundancy Scheme was opened with the intention of seeking to avoid compulsory dismissals. The Scheme was open to staff affected by the restructuring proposals between 17th November and 5th December 2014. The requests were considered by a panel in the week commencing 8th December with considerations around skills sets of applicants and cost, before decisions were communicated in the following week. 32 staff have been accepted for voluntary redundancy. They are included in the 85 staff estimated for redundancy.
- 22.10. In addition, mitigation against redundancies included removing vacant posts and releasing temporary agency workers. In order to expedite the process, an assimilation exercise was carried out prior to Christmas and the outcomes communicated to staff.

22.11. The selection process, following consultation, was carried out in January and February 2015, and the new structure will be implemented on 1st April 2015.

**23. Equalities Implications**

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

23.2 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.

23.3 An initial screen of budget measures has been undertaken to ensure that the equality duty has been considered where appropriate. A summary of the initial screening process is included as **Annex D**. Where it has been identified that a proposal may have an adverse impact on people who share a protected characteristic, an assessment of the impact has been undertaken to ensure that “due regard” is paid to the equality duties as required by statute.

## **Schedules**

- 1 2014/15 Budget Re-Basing
- 2 Sources of Income
- 3 Expenditure Requirements
- 4 Net Budget Requirement (by Cabinet Member and EMT)
- 5 Details of Budget Changes
- 6 Movement in Reserves
- 7 Levies, Special Expenses and Precepts
- 8 Localised Business Rates, Settlement Funding Assessment & Council Tax
- 9 Uses of Council Tax Income
- 10 Subjective Budget Analysis
- 11 Capital Expenditure Plans
- 12 Housing Revenue Account

## **Annexes**

- A Budget and Performance Task Group Meeting Notes
- B Council Tax Resolution
- C Capital Expenditure
- D Equalities Impact Assessment

## **Background Papers**

Budget and Council Tax Report 2014/15 24<sup>th</sup> February 2014

Council Meeting and Agenda of 5<sup>th</sup> March 2014

Report to Cabinet Treasury Management Statement 24<sup>th</sup> February 2014

Report to Audit and Performance Committee on 4<sup>th</sup> February 2015

**If you have any queries about this report or wish to inspect any of the background papers, please contact: Steven Mair on 0207 641 2904 or at [smair@westminster.gov.uk](mailto:smair@westminster.gov.uk).**

**2014/15 BUDGET RE-BASING**

**Schedule 1**

Since the 2014/15 Budget was approved in March 2014, a number of Cabinet and EMT portfolio changes have occurred, as well as the release of Corporate Provisions (inflation, risk etc) to change individual budget totals as follows:

<u>Cabinet Portfolios - Feb 2014</u>	(£,000's)	<u>Cabinet Portfolios - Feb 2015</u>	(£,000's)
Leader / Finance, Customer Services & Property	46,091	Leader of the Council	7,108
Deputy Leader / Built Environment	4,586	Deputy Leader - Built Environment	4,632
Children & Young People	39,861	Finance, Corporate & Customer Services	36,632
Business & Housing	19,245	Children and Young People	40,380
City Management, Transport & Environment	54,003	Housing, Regeneration, Business & Economic Development	18,755
Community	10,741	Public Protection	13,395
Adults & Public Health	85,465	Sustainability and Parking	(55,230)
Community Protection, Premises & Parking	(44,481)	City Management	46,880
Corporate Financing		Adults & Public Health	88,743
Corporate Income		Sport, Leisure and Open Spaces	14,217
<b>Net Cost of Service Provision</b>	<b>215,511</b>	<b>Net Cost of Service Provision</b>	<b>215,511</b>
(Use) / Contrib to General Reserves	(2,090)	(Use) / Contrib to General Reserves	(2,090)
<b>NET BUDGET REQUIREMENT</b>	<b>213,421</b>	<b>NET BUDGET REQUIREMENT</b>	<b>213,421</b>
Funded By:		Funded By:	
Council Tax	(45,650)	Council Tax	(45,650)
Business Rates (Net of Tariff)	(71,488)	Business Rates (Net of Tariff)	(71,488)
Revenue Support Grant	(96,283)	Revenue Support Grant	(96,283)
	<b>0</b>		<b>0</b>
<u>Strategic Executive Board Feb 2014</u>	(£,000's)	<u>Executive Management Team Feb 2015</u>	(£,000's)
SEB & Strategic Support	8,502	Chief Executive	1,297
Finance & Operations	41,928	City Treasurer	13,928
Adults Services	81,094	Director of Policy, Performance and Communications	7,472
Public Health	(1,217)	Executive Director of Adult Services	80,834
Childrens Services	39,911	Executive Director of Childrens Services	40,380
Housing	26,797	Executive Director of City Management and Communities	16,596
Corporate Property	(916)	Executive Director of Corporate & Commercial Services	25,706
Libraries	6,845	Executive Director of Growth, Housing and Planning	29,298
Sports & Leisure	891		
Built Environment	16,013	<b>Net Cost of Service Provision</b>	<b>215,511</b>
City Management	51,138	(Use) / Contrib to General Reserves	(2,090)
Parking	(55,475)	<b>NET BUDGET REQUIREMENT</b>	<b>213,421</b>
<b>Net Cost of Service Provision</b>	<b>215,511</b>		
(Use) / Contrib to General Reserves	(2,090)	Funded By:	
<b>NET BUDGET REQUIREMENT</b>	<b>213,421</b>	Council Tax	(45,650)
Funded By:		Business Rates (Net of Tariff)	(71,488)
Council Tax	(45,650)	Revenue Support Grant	(96,283)
Business Rates (Net of Tariff)	(71,488)		<b>0</b>
Revenue Support Grant	(96,283)		<b>0</b>
	<b>0</b>		<b>0</b>

A presentational change is made for 2015/16 to ensure the "Net Budget Requirement" line is brought into line with common accepted usage throughout local government. 14/15 comparators are also adjusted.



**GROSS INCOME****Schedule 2**

For more detailed information about the changes please refer to Schedule 5

	2014/15 Budget (£,000's)	Changes (£,000's)	2015/16 Budget (£,000's)
<b><u>Cabinet Member Portfolios</u></b>			
Leader of the Council	(2,006)	(750)	(2,756)
Deputy Leader - Built Environment	(8,965)	(285)	(9,250)
Finance, Corporate & Customer Services	(65,106)	1,353	(63,753)
Children and Young People	(102,188)	(2,480)	(104,668)
Housing, Regeneration, Business & Economic Development	(276,517)	(389)	(276,907)
Public Protection	(6,814)	942	(5,872)
Sustainability and Parking	(76,709)	1,575	(75,134)
City Management	(18,120)	(2,125)	(20,245)
Adults & Public Health	(66,062)	(2,400)	(68,462)
Sport , Leisure and Open Spaces	(7,017)	(334)	(7,351)
<b>Net Cost of Service Provision</b>	<b>(629,505)</b>	<b>(4,894)</b>	<b>(634,399)</b>
(Use) / Contrib to General Reserves	(2,090)	2,090	0
<b>NET BUDGET REQUIREMENT</b>	<b>(631,595)</b>	<b>(2,804)</b>	<b>(634,399)</b>
Council Tax	(45,650)	(425)	(46,075)
Business Rates Income (Gross)	(524,388)	(2,956)	(527,344)
Revenue Support Grant	(96,283)	24,706	(71,577)
	<b>(1,297,916)</b>	<b>18,521</b>	<b>(1,279,395)</b>

**Executive Management Team Portfolios**

Chief Executive	(55)	(695)	(750)
City Treasurer	(21,658)	2,523	(19,135)
Director of Policy, Performance and Communications	(4,297)	(180)	(4,477)
Executive Director of Adult Services	(66,036)	(2,400)	(68,436)
Executive Director of Childrens Services	(102,188)	(2,480)	(104,668)
Executive Director of City Management and Communities	(111,812)	(1,517)	(113,330)
Executive Director of Corporate & Commercial Services	(15,972)	216	(15,755)
Executive Director of Growth, Housing and Planning	(307,488)	(360)	(307,848)
<b>Net Cost of Service Provision</b>	<b>(629,505)</b>	<b>(4,894)</b>	<b>(634,399)</b>
(Use) / Contrib to General Reserves	(2,090)	2,090	0
<b>NET BUDGET REQUIREMENT</b>	<b>(631,595)</b>	<b>(2,804)</b>	<b>(634,399)</b>
Council Tax	(45,650)	(425)	(46,075)
Business Rates Income (Gross)	(524,388)	(2,956)	(527,344)
Revenue Support Grant	(96,283)	24,706	(71,577)
	<b>(1,297,916)</b>	<b>18,521</b>	<b>(1,279,395)</b>

Expenditure (See Schedule 3)

1,297,916	(18,521)	1,279,395
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**GROSS EXPENDITURE****Schedule 3**

For more detailed information about the changes please refer to Schedule 5

	2014/15 Budget (£,000's)	Changes (£,000's)	2015/16 Budget (£,000's)
<b><u>Cabinet Member Portfolios</u></b>			
Leader of the Council	9,114	(464)	8,650
Deputy Leader - Built Environment	13,597	(613)	12,984
Finance, Corporate & Customer Services	101,738	(8,033)	93,705
Children and Young People	142,568	(647)	141,921
Housing, Regeneration, Business & Economic Development	295,272	945	296,217
Public Protection	20,211	(1,761)	18,449
Sustainability and Parking	21,479	(2,992)	18,488
City Management	64,998	626	65,624
Adults & Public Health	154,804	(4,463)	150,341
Sport , Leisure and Open Spaces	21,233	(1,118)	20,115
<b>Net Cost of Service Provision</b>	<b>845,016</b>	<b>(18,521)</b>	<b>826,495</b>
(Use) / Contrib to General Reserves			0
<b>NET BUDGET REQUIREMENT</b>	<b>845,016</b>	<b>(18,521)</b>	<b>826,495</b>
Council Tax			0
Business Rates Expenditure (Tariff)	452,900		452,900
Revenue Support Grant			0
	<b>1,297,916</b>	<b>(18,521)</b>	<b>1,279,395</b>
<b><u>Executive Management Team Portfolios</u></b>			
Chief Executive	1,352	(968)	384
City Treasurer	35,585	1,255	36,840
Director of Policy, Performance and Communications	11,769	559	12,328
Executive Director of Adult Services	146,869	(16,618)	130,251
Executive Director of Childrens Services	142,568	(647)	141,921
Executive Director of City Management and Communities	128,409	9,949	138,358
Executive Director of Corporate & Commercial Services	41,678	(9,913)	31,765
Executive Director of Growth, Housing and Planning	336,785	(2,137)	334,648
<b>Net Cost of Service Provision</b>	<b>845,016</b>	<b>(18,521)</b>	<b>826,495</b>
(Use) / Contrib to General Reserves			0
<b>NET BUDGET REQUIREMENT</b>	<b>845,016</b>	<b>(18,521)</b>	<b>826,495</b>
Council Tax			0
Business Rates Expenditure (Tariff)	452,900		452,900
Revenue Support Grant			0
	<b>1,297,916</b>	<b>(18,521)</b>	<b>1,279,395</b>
<i>Income (See Schedule 2)</i>	(1,297,916)	18,521	(1,279,395)

**NET EXPENDITURE****Schedule 4**

The Net changes to the Council's General Fund Revenue Budget can be summarised as follows:

	(£,000's)	(£,000's)
Total Savings Identified	(36,162)	
Less Non-Service Related Savings:		
Council Tax Base	425	
NNDR	2,956	(32,781)
Operational Changes Offsetting Savings:		
Pressures		7,888
Mitigations		(5,731)
Inflation & Other Adjustments		7,209
<b>Changes to Net Cost of Service Provision</b>		<b>(23,415)</b>

	2014/15 Budget (£,000's)	Changes (£,000's)	2015/16 Budget (£,000's)
<b><u>Cabinet Member Portfolios</u></b>			
Leader of the Council	7,108	(1,214)	5,894
Deputy Leader - Built Environment	4,632	(898)	3,734
Finance, Corporate & Customer Services	36,632	(6,680)	29,951
Children and Young People	40,380	(3,127)	37,253
Housing, Regeneration, Business & Economic Development	18,755	556	19,310
Public Protection	13,396	(819)	12,577
Sustainability and Parking	(55,230)	(1,417)	(56,647)
City Management	46,880	(1,499)	45,380
Adults & Public Health	88,743	(6,863)	81,880
Sport , Leisure and Open Spaces	14,217	(1,452)	12,764
<b>Net Cost of Service Provision</b>	<b>215,511</b>	<b>(23,415)</b>	<b>192,096</b>
(Use) / Contrib to General Reserves	(2,090)	2,090	0
<b>NET BUDGET REQUIREMENT</b>	<b>213,421</b>	<b>(21,325)</b>	<b>192,096</b>
Funded By:			
Council Tax	(45,650)	(425)	(46,075)
Business Rates Expenditure (Tariff)	(71,488)	(2,956)	(74,444)
Revenue Support Grant	(96,283)	24,706	(71,577)
	<b>0</b>	<b>0</b>	<b>0</b>

**Executive Management Team Portfolios**

Chief Executive	1,297	(1,663)	(366)
City Treasurer	13,928	3,777	17,705
Director of Policy, Performance and Communications	7,472	379	7,852
Executive Director of Adult Services	80,834	(19,018)	61,815
Executive Director of Childrens Services	40,380	(3,127)	37,253
Executive Director of City Management and Communities	16,596	8,431	25,028
Executive Director of Corporate & Commercial Services	25,706	(9,697)	16,009
Executive Director of Growth, Housing and Planning	29,298	(2,498)	26,800
<b>Net Cost of Service Provision</b>	<b>215,511</b>	<b>(23,415)</b>	<b>192,096</b>
(Use) / Contrib to General Reserves	(2,090)	2,090	0
<b>NET BUDGET REQUIREMENT</b>	<b>213,421</b>	<b>(21,325)</b>	<b>192,096</b>
Funded By:			
Council Tax	(45,650)	(425)	(46,075)
Business Rates Expenditure (Tariff)	(71,488)	(2,956)	(74,444)
Revenue Support Grant	(96,283)	24,706	(71,577)
	<b>0</b>	<b>0</b>	<b>0</b>

**DETAILS OF BUDGET CHANGES****Schedule 5**Change  
(£,000's)**LEADER / FINANCE, CUSTOMER AND CORPORATE SERVICES**

Customer Programme - Digitisation & Channel Shift	(4,696)
Corporate Services - Tri-Borough Service Rationalisation	(1,854)
Release of Ear-Marked Reserves to offset specific expenditure	(1,700)
Corporate Revised Organisational Design	(1,120)
City Treasurers - Reorganisation & Restructure	(1,144)
New IT Contracts	(1,000)
Outdoor Media - Phase I Commercial Income	(770)
Increased Net Income from Commercial Property Investment Portfolio	(568)
Policy, Performance & Communications Re-Organisation	(750)
Closed Circuit TV Operating Efficiencies	(440)
Other Miscellaneous Adjustments	296

**Total Savings** **(13,746)**

Changes to Commercial Property Income and Spend Budgets	1,683
Local Welfare Payments - now part of RSG Settlement	465
Adjustment of Previous Year's Base Budget	476
Reduced Opportunities to Capitalise Expenditure	337
Reduced Opportunities to Offset Costs	130
Additional Cost of Individual Electoral Registration	100

**Total Pressures** **3,191**

Savings from Improved Interest Rate / Balances & MRP Adjustments	(1,400)
Corporate Property - Facilities Contract Efficiencies	(1,725)
Reduction in Transport Charges	(490)
Recovery of HRA Share of Overheads	(242)
Reduction in Other Property Operating Costs	(327)
Net Change in Housing/New Homes Bonus (Growth & Top Slice)	26

**Total Mitigations** **(4,158)**

Housing Benefit / Council Tax Admin Grant Reduction	216
TeleCare Contract Cost Reduction (Now in Adults Portfolio)	(215)
Individual Electoral Registration Costs Mitigated	(100)
Traded Services Income	(40)

**Total Other** **(139)**

Transfers Between Cabinet Portfolios	(291)
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**Total Transfers** **(291)**

Contract & Pay Inflation	6,687
Welfare Burdens Benefit Grant Reduction	708
Adoption Reform Grant Reduction	445
ESG Reduction	244
Collection Fund Surplus Reduction	115
Other Adjustments to Miscellaneous Grants	173

**Total Corporate Pressures** **8,372**

2015/16 Council Tax Freeze Grant	(497)
Adjustment to New Homes Bonus from Previous Estimated Figure	(274)
s31 Grant for 2015/16 NNDR Capping at 2%	(353)

**Total Corporate Savings** **(1,124)****Total - Leader / Finance, Customer And Corporate Services** **(7,895)****DEPUTY LEADER - BUILT ENVIRONMENT**

Built Environment / City Management / Planning Transformation	(868)
Usage of s106/CIL Funding	200

Other Miscellaneous Adjustments	(260)
<b>Total Savings</b>	<b>(928)</b>
Loss of Lord Lieutenancy Income	55
<b>Total Mitigations</b>	<b>55</b>
Lord Lieutenancy Cost Savings	(25)
<b>Total Other</b>	<b>(25)</b>
<b>Total - Deputy Leader - Built Environment</b>	<b>(898)</b>

### **CHILDREN AND YOUNG PEOPLE**

Early Help Savings	(871)
Demand Management (including Focus on Practice/Early Help)	(673)
Public Health and Other Funding Source Opportunities	(750)
Commissioning/Procurement Savings	(534)
Other Education Savings	(70)
<b>Total Savings</b>	<b>(2,898)</b>
Placement pressures - demand and complex needs	600
Legislative changes causing additional pressures	350
<b>Total Pressures</b>	<b>950</b>
Management action to manage demand and unit costs	(950)
<b>Total Mitigations</b>	<b>(950)</b>
Transfers Between Cabinet Portfolios	(230)
	<b>(230)</b>
<b>Total - Children And Young People</b>	<b>(3,128)</b>

### **HOUSING, REGENERATION, BUSINESS & ECONOMIC DEVELOPMENT**

City West Homes - Increase in Commercial Activities	(240)
Major Projects Team - Income Generation & Full Recharging	(1,350)
Built Environment Transformation - Alternative Sources of Funding	(160)
Area Based Working / City Management Transformation	(176)
Other Miscellaneous Adjustments	67
<b>Total Savings</b>	<b>(1,859)</b>
Licensing Income - Isolated Pitches Income	175
<b>Total Pressures</b>	<b>175</b>
Temporary Accommodation / Supporting People Cost Pressures	2,500
Savings from Review of Housing Staffing	(130)
<b>Total Mitigations</b>	<b>2,370</b>
Transfers Between Cabinet Portfolios	(130)
<b>Total Transfers</b>	<b>(130)</b>
<b>Total - Housing, Regeneration, Business &amp; Economic Development</b>	<b>556</b>

### **PUBLIC PROTECTION**

Area Based Working / City Management Transformation	(1,217)
Area Management	(100)
Review of Discretionary Service Provision in City Management	(403)
CCTV Efficiencies	(193)
Commercial Income Opportunities	(30)
Other Miscellaneous Adjustments	92
<b>Total Savings</b>	<b>(1,851)</b>

Licensing Income Pressures	1,032
<b>Total Pressures</b>	<b>1,032</b>
<b>Total - Public Protection</b>	<b>(819)</b>
<b><u>SUSTAINABILITY AND PARKING</u></b>	
Parking Transformation Programme	(1,316)
Freedom Passes	(1,000)
Other Miscellaneous Adjustments	(125)
<b>Total Savings</b>	<b>(2,441)</b>
Freedom Pass Cost Increase	441
<b>Total Pressures</b>	<b>441</b>
Transfers Between Cabinet Portfolios	583
<b>Total Transfers</b>	<b>583</b>
<b>Total - Sustainability And Parking</b>	<b>(1,417)</b>
<b><u>CITY MANAGEMENT</u></b>	
Built Environment Transformation	(735)
Area Based Working / City Management Transformation	(294)
Area Management	(150)
Road Management - Fee Income	(500)
Other Miscellaneous Adjustments	(70)
<b>Total Savings</b>	<b>(1,749)</b>
Waste Tonnage Band Price Increase	350
Prior Year Waste Contract Inflation Pressures	1,400
<b>Total Pressures</b>	<b>1,750</b>
Increased Commercial Waste Management Income	(500)
Street Works Income (Activity Levels)	(1,000)
<b>Total Mitigations</b>	<b>(1,500)</b>
<b>Total - City Management</b>	<b>(1,499)</b>
<b><u>ADULTS &amp; PUBLIC HEALTH</u></b>	
Better Care Fund Efficiencies	(2,200)
Adult Social Care Transformation & Contract Savings	(2,494)
High Cost, High Needs Packages Review	(579)
Working with Public Health Services	(486)
<b>Total Savings</b>	<b>(5,759)</b>
Pressures from Children Transiting to Adult Social Care	230
<b>Total Pressures</b>	<b>230</b>
Rough Sleeping	(1,396)
Public Health Employee Inflation	(64)
<b>Total Mitigations</b>	<b>(1,460)</b>
Cost of Telcare Contract Costs (transferred from Corporate Services Portfolio)	126
<b>Total Other</b>	<b>126</b>
<b>Total - Adults &amp; Public Health</b>	<b>(6,863)</b>
<b><u>SPORT, LEISURE AND OPEN SPACES</u></b>	
Parks and Cemeteries Efficiencies	(240)
Sport & Leisure - Break-Even Model	(208)

Voluntary and Community Based Services - Services Review	(162)
Capitalisation of Library Books	(600)
Promoting Public Health outcomes through Sports & Leisure activities	(340)
<b>Total Savings</b>	<b>(1,550)</b>
Libraries - Declining Income due to shift in Customer Need	120
Other Miscellaneous Adjustments	(1)
<b>Total Pressures</b>	<b>119</b>
Miscellaneous mitigations across Sport, Leisure & Open Spaces	(88)
<b>Total Mitigations</b>	<b>(88)</b>
Transfers Between Cabinet Portfolios	67
<b>Total Transfers</b>	<b>67</b>
<b>Total - Sport, Leisure And Open Spaces</b>	<b>(1,452)</b>
<b><u>(USE) / CONTRIB TO GENERAL RESERVES</u></b>	
Eliminate use of General Reserves	2,090
<b>Total Corporate Pressures</b>	<b>2,090</b>
<b>Total - (Use) / Contrib To General Reserves</b>	<b>2,090</b>
<b><u>REVENUE SUPPORT GRANT</u></b>	
Increase in Council Tax Income - Organic Growth in Taxbase	(425)
NNDR Increase (Net of Loss of Safety Net Payment)	(2,956)
<b>Total Savings</b>	<b>(850)</b>
Reduction to Revenue Support Grant	24,706
<b>Total Corporate Pressures</b>	<b>24,706</b>
<b>Total - Revenue Support Grant</b>	<b>21,325</b>

**MOVEMENT IN RESERVES****Schedule 6**

	Anticipated Closing Reserves 2014/15 (£,000's)	2015/16 Budgeted Change (£,000's)	Anticipated Closing Reserves 2015/16 (£,000's)
<u>Movement in General Reserves</u>			
Budgeted Reserves at Start of 2014/15	35,000		
Budgeted Use of Reserves in 2014/15	<u>(2,090)</u>		
	32,910		
2013/14 Improvement in General Reserves	<u>2,385</u>		
Actual Closing Reserves 2014/15	35,295		
Forecast Change to Reserves in 2014/15	740		
	<b>36,035</b>		36,035
Budget Change in Reserves 2015/16		0	0
	<b>36,035</b>	<b>0</b>	<b>36,035</b>
<u>Movement in Earmarked Reserves</u>			
Adult Services	345	(138)	207
Built Environment	1,965	(750)	1,215
Childrens Services	2,690	300	2,990
City Management	2,572	(1,024)	1,548
City Treasurer	14,402	(3,050)	11,352
Parking	1,132	0	1,132
Chief Executive	2,438	(667)	1,771
Corporate	<u>49,192</u>	<u>10,804</u>	<u>59,996</u>
	74,737	5,475	80,212
<u>Movement in Ring-Fenced Reserves</u>			
Adult Education - Unspent LSC Funding	451	(127)	324
Schools Reserves	903	(300)	603
Quinton Kynaston Endowment	0	0	0
Dedicated Schools Grant	3,773	0	3,773
Endowments & Other Funds	<u>710</u>	<u>0</u>	<u>710</u>
	5,838	(427)	5,411
Grand Total	<b>80,575</b>	<b>5,048</b>	<b>85,623</b>

Levies

The Council is required to raise levies from its taxpayers on behalf of a number of other bodies. The following levies have so far been notified to us:

	Budget 2014/15 (£,000's)	Change (£,000's)	Budget 2015/16 (£,000's)
London Pension Fund Authority	2,031	(43)	1,988
Lee Valley Regional Park Authority *	380	(0)	380
Environment Agency	278	1	279
	<b>2,689</b>	<b>(42)</b>	<b>2,647</b>

\* Note, at the time of despatch, final details of the 2015/16 levy for this body has yet to be received. An update will be provided on the night of the meeting if further information becomes available.

Special Items

The Montpelier Square Garden Committee raise a charge on local properties (only within there immediate area) for the maintenance of the garden area. The charge, which is added to the Council Tax for those properties, is set out below:

	Budget 2014/15 (£'s)	Change (£'s)	Budget 2015/16 (£'s)
Special Item	32,500	0	32,500
	<b>32,500</b>	<b>0</b>	<b>32,500</b>

Due to a marginal change in the number of average Band D properties in the Montpelier Square area (moving from 94.56 to 94.16 equivalent properties), the Band D charge for the Garden Square element also changes slightly from £343.70 to £345.16

*DCLG include this Special Item in their calculation of the average Council Tax for the whole of Westminster, which in turn is used to determine eligibility for the Council Tax Freeze Grant. With no change to the Special Item this year, the Council's own Council Tax will not have to be adjusted to retain eligibility for the Freeze Grant*

Queen's Park Community Council

The Queen's Park Community Council was formally established from April 2014, and is the first new Parish Council to be created in London for nearly eighty years

	Budget 2014/15 (£'s)	Change (£'s)	Budget 2015/16 (£'s)
Budget Requirement	136,897	3,246	140,143
	<b>136,897</b>	<b>3,246</b>	<b>140,143</b>

At the 14th of January Full Council Meeting of the Community Council it was resolved the retain the Band D average charge for the area at £44.40 for 2015/16. Because of a modest rise in the taxbase of the area, an additional £3,246 is expected to be raised overthe 2014/15 Budget Requirement



Precept - Greater London Authority

The Greater London Authority raise a precept to be charged on the same Council Tax bill as Westminster's own Council Tax charge. The provisional budget proposals\* for the GLA are as set out below, and, if approved, will result in their average Band D equivalent charge falling from £299.00 to £295.00 across most of London (the City of London with its own policing responsibilities has a lower precept)

	Gross Spend (£,000's)	Gross Income & Reserves (£,000's)	Council Tax Requirement (£,000's)
GLA Mayor	749,721	(684,373)	65,348
GLA Assembly	7,610	(4,995)	2,615
Mayor's Office For Policing and Crime	3,159,766	(2,595,600)	564,166
London Fire and Emergency Planning Auth	423,652	(285,462)	138,190
Transport for London	7,066,100	(7,060,100)	6,000
LLDC	37,300	(37,300)	0
	<b>11,444,149</b>	<b>(10,667,830)</b>	<b>776,319</b>

	2014/15 Avg Band D (£'s)	2015/16 Avg Band D (£'s)
<i>Determination of Band D Concil Tax Charge</i>		
GLA Mayor	24.31	24.79
GLA Assembly	0.97	0.99
Mayor's Office For Policing and Crime	218.88	214.52
London Fire and Emergency Planning Auth	52.51	52.42
Transport for London	2.33	2.28
LLDC	0.00	0.00
	<b>299.00</b>	<b>295.00</b>

\* The Mayor's Provisional Budget, as set out above, was published on the 20th of January 2015. It will be considered in its final form by the Assembly on the 23rd of February. Should any of the budget proposals change following that meeting, a verbal update will be provided to Cabinet at the meeting itself.

**LOCALISED BUSINESS RATES, SETTLEMENT FUNDING ASSESSMENT  
AND COUNCIL TAX**

Schedule 8

**Localised Business Rates**

	2014/15 Budget (£,000's)	2014/15 Forecast (£,000's)	2015/16 Budget (£,000's)
Net Business Rate Yield (after Allowances)	1,795,193	1,733,614	1,836,166
Less Change in Provision for Appeals	(51,173)	9,874	(29,682)
	<b>1,744,020</b>	<b>1,743,488</b>	<b>1,806,484</b>
50% DCLG Share	872,010	872,010	903,242
20% Greater London Authority Share	348,804	348,804	361,297
30% Westminster City Council Share	523,206	523,206	541,945
	<b>1,744,020</b>	<b>1,744,020</b>	<b>1,806,484</b>
Collection Fund Surplus / Deficit	<b>0</b>	<b>(532)</b>	<b>0</b>

**Settlement Funding Assessment**

CLG Assumed Westminster Share of NNDR	533,402	533,402	543,595
Less NNDR Tariff	(452,908)	(452,908)	(461,562)
Net Assumed Locally Retained (After Tariff)	80,495	80,495	82,033
Revenue Support Grant	96,283	96,283	70,039
<b>Settlement Funding Assessment</b>	<b>176,777</b>	<b>176,777</b>	<b>152,071</b>
Safety Net / (Levy) Payment	4,159	4,319	0

**Council Tax**

<u>Band D Equivalent Properties</u>	2014/15 No.	Change No.	2015/16 No.
Montpelier Square Garden Committee	94.6	(0.4)	94.2
Queen's Park Community Council	3,083.3	73.1	3,156.4
Remainder of Westminster City Council	117,584.6	1,055.7	118,640.3
Whole of Westminster	<b>120,762.5</b>	<b>1,128.4</b>	<b>121,890.8</b>
Proposed Band D Amount	£377.74	£377.74	£377.74
	<b>£45,617k</b>	<b>£426k</b>	<b>£46,043k</b>

<u>Band D Amounts and Totals</u>	Montpelier Square Garden Committee	Queen's Park Community Council	Westminster City Council
2014/15 Band D Amount	£343.70	£44.40	£377.74
2015/16 Band D Amount	£345.16	£44.40	£377.74
2014/15 Total Charge Raised	£32,500	£136,897	£45,616,812
2015/16 Total Charge Raised	£32,500	£140,143	£46,043,042
Change in Total Charge Raised	<b>£0</b>	<b>£3,246</b>	<b>£426,230</b>

**Total Band D Charge for Area:**

Montpelier Square	£345.16		
Queen's Park Community Council		£44.40	
Westminster City Council	£377.74	£377.74	£377.74
Greater London Authority	£295.00	£295.00	£295.00
Total 15/16 Band D Charge for Area	<b>£1,017.90</b>	<b>£717.14</b>	<b>£672.74</b>
<i>Equivalent 14/15 Band D Charge for Area</i>	<i>£1,020.44</i>	<i>£721.14</i>	<i>£676.74</i>

**USES OF THE COUNCIL TAX****Schedule 9**

	2014/15 Band D Amount (£'s)	Change to Band D Amount (£'s)	2015/16 Band D Amount (£'s)
<b><u>Cabinet Member Portfolios</u></b>			
Leader of the Council	58.82	(10.50)	48.32
Deputy Leader - Built Environment	38.33	(7.72)	30.61
Finance, Corporate & Customer Services	303.12	(57.57)	245.55
Children and Young People	334.13	(28.72)	305.41
Housing, Regeneration, Business & Economic Development	155.19	3.12	158.31
Public Protection	110.85	(7.74)	103.11
Sustainability and Parking	(457.02)	(7.39)	(464.41)
City Management	387.92	(15.88)	372.04
Adults & Public Health	734.33	(63.05)	671.28
Sport , Leisure and Open Spaces	117.64	(12.99)	104.65
<b>Net Cost of Service Provision</b>	<b>1,783.31</b>	<b>(208.44)</b>	<b>1,574.87</b>
(Use) / Contrib to General Reserves	(17.29)	17.29	0.00
<b>NET BUDGET REQUIREMENT</b>	<b>1,766.01</b>	<b>(191.14)</b>	<b>1,574.87</b>
Funded By:			
Council Tax	(377.74)	0.00	(377.74)
Business Rates Income (Gross)	(591.55)	(18.77)	(610.32)
Revenue Support Grant	(796.72)	209.91	(586.81)
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Executive Management Team Portfolios**

Chief Executive	10.73	(13.73)	(3.00)
Corporate Items	29.48	48.72	78.21
City Treasurer	85.77	(18.82)	66.94
Director of Policy, Performance and Communications	61.83	2.54	64.37
Executive Director of Adult Services	668.88	(162.10)	506.78
Executive Director of Childrens Services	334.13	(28.72)	305.41
Executive Director of City Management and Communities	137.33	67.86	205.19
Executive Director of Corporate & Commercial Services	212.71	(81.46)	131.25
Executive Director of Growth, Housing and Planning	242.43	(22.71)	219.72
<b>Net Cost of Service Provision</b>	<b>1,783.30</b>	<b>(208.43)</b>	<b>1,574.87</b>
(Use) / Contrib to General Reserves	(17.29)	17.29	0.00
<b>NET BUDGET REQUIREMENT</b>	<b>1,766.01</b>	<b>(191.14)</b>	<b>1,574.87</b>
Funded By:			
Council Tax	(377.74)	0.00	(377.74)
Business Rates Income (Gross)	(591.55)	(18.77)	(610.32)
Revenue Support Grant	(796.72)	209.91	(586.81)
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**SUBJECTIVE BUDGET ANALYSIS****Schedule 10**

	2014/15 Budget (£,000's)	Change (£,000's)	2015/16 Budget (£,000's)
Employee Costs	172,792	(3,947)	168,845
Premises Costs	50,959	1,205	52,163
Transport Costs	4,367	(129)	4,237
Supplies and Services	80,680	2,430	83,110
Contracted Costs	257,693	(14,501)	243,192
Transfer Payments	272,197	(1,723)	270,474
Traded Services	(4,639)	(1,855)	(6,493)
Debt Charges	10,997		10,997
<b>Gross Expenditure</b>	<b>845,047</b>	<b>(18,521)</b>	<b>826,526</b>
Grant Income	(420,486)	(754)	(421,241)
Interest & Customer Receipts	(209,050)	(4,140)	(213,190)
<b>Gross Income</b>	<b>(629,536)</b>	<b>(4,894)</b>	<b>(634,430)</b>
<b>Net Cost of Service Provision</b>	<b>215,511</b>	<b>(23,415)</b>	<b>192,096</b>
(Use) / Contribution to General Reserves	(2,090)	2,090	0
<b>NET BUDGET REQUIREMENT</b>	<b>213,421</b>	<b>(21,325)</b>	<b>192,096</b>
Funded By:			
Council Tax	(45,650)	(425)	(46,075)
Business Rates (Net of Tariff)	(71,488)	(2,956)	(74,444)
Revenue Support Grant	(96,283)	24,706	(71,577)
	<b>(0)</b>	<b>0</b>	<b>0</b>

See Schedule 12 for a separate subjective analysis of the HRA Revenue Budgets

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total 2015/16 to 2019/20
	Forecast £m	Budget £m	Budget £m	Budget £m	Budget £m	Budget £m	£m
<b>General Fund</b>							
Adult Services	0.75	0.35	0.17	-	-	-	0.51
Growth, Planning & Housing	47.13	60.36	34.44	92.41	25.18	16.27	228.65
City Management & Communities	4.67	11.68	10.28	1.72	1.82	2.48	27.97
Children's Services	3.04	1.98	1.85	0.25	0.25	0.25	4.58
Corporate & Commercial Services	10.60	1.28	1.08	2.13	1.00	1.18	6.65
City Treasurer	(5.00)	15.18	5.18	5.73	5.75	5.75	37.58
<b>Total</b>	<b>61.19</b>	<b>90.82</b>	<b>52.98</b>	<b>102.22</b>	<b>34.00</b>	<b>25.93</b>	<b>305.94</b>

## Funded by:

Capital Receipts	(51.53)	(87.70)	(0.50)	-	-	-	(88.20)
(Internal) borrowing	(9.66)	(3.12)	(52.48)	(102.22)	(34.00)	(25.93)	(217.74)
	<b>(61.19)</b>	<b>(90.82)</b>	<b>(52.98)</b>	<b>(102.22)</b>	<b>(34.00)</b>	<b>(25.93)</b>	<b>(305.94)</b>

**HRA Fund***Capital Programme*

Catch up Works	-	2.50	2.50	2.50	2.50	-	10.00
Future Major Repairs	23.70	39.00	37.77	36.82	34.22	34.33	182.14
Estate Works	1.00	1.00	2.00	2.00	2.00	2.00	9.00
Related Assets	-	-	0.23	0.23	0.23	0.23	0.91
Disabled Adaptations	1.15	1.20	1.20	1.20	1.20	1.20	6.00
Exceptional Extensive	3.20	2.80	2.80	2.80	2.80	2.80	14.00
Environmental Improvements	-	-	-	-	1.00	1.00	2.00
<b>Total</b>	<b>29.05</b>	<b>46.50</b>	<b>46.50</b>	<b>45.55</b>	<b>43.95</b>	<b>41.55</b>	<b>224.05</b>

*Regeneration Schemes*

Lisson Arches	1.10	9.74	8.59	4.57	-	-	22.90
Penn & Lilestone	0.06	0.32	0.40	0.39	2.70	-	3.80
Cosway	0.10	-	-	-	-	-	-
Luton St	0.30	6.05	-	-	-	-	6.05
Tollgate Gardens	3.98	1.23	8.08	-	-	-	9.31
Ebury Bridge	8.78	17.09	17.22	5.40	5.55	-	45.26
Parsons North	0.10	0.64	0.10	1.40	-	-	2.14
<b>Total</b>	<b>14.42</b>	<b>35.07</b>	<b>34.39</b>	<b>11.75</b>	<b>8.25</b>	<b>-</b>	<b>89.47</b>

*Other*

Non Delegated	27.01	2.50	-	-	-	-	2.50
Ashridge	-	3.56	3.56	-	-	-	7.12
Edware Road Development	-	2.20	2.40	3.00	3.60	-	11.20
<b>Total</b>	<b>41.43</b>	<b>43.33</b>	<b>40.35</b>	<b>14.75</b>	<b>11.85</b>	<b>-</b>	<b>110.29</b>

<b>Total Expenditure</b>	<b>70.48</b>	<b>89.83</b>	<b>86.85</b>	<b>60.30</b>	<b>55.80</b>	<b>41.55</b>	<b>334.34</b>
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## Funded by:

Major Repairs Allowance (MRA)	(17.24)	(17.24)	(17.24)	(17.24)	(17.24)	(17.24)	(86.20)
Lessee Contributions	(6.15)	(7.28)	(7.46)	(7.65)	(7.84)	(8.03)	(38.26)
Capital Receipts	(11.63)	(39.77)	(55.95)	(33.23)	(23.29)	0.00	(152.23)
New Borrowing	0.00	(2.30)	(6.20)	0.00	0.00	0.00	(8.50)
HRA Reserves	(35.46)	(23.24)	0.00	(2.19)	(7.44)	(16.28)	(49.15)
	<b>(70.48)</b>	<b>(89.83)</b>	<b>(86.85)</b>	<b>(60.30)</b>	<b>(55.80)</b>	<b>(41.55)</b>	<b>(334.34)</b>

## HOUSING REVENUE ACCOUNT - REVENUE BUDGET

## Schedule 12

	2014/15 Budget (£,000's)	Changes (£,000's)	2015/16 Budget (£,000's)
<u>Income</u>			
<b>Business Income</b>			
Rent income - dwellings	(75,525)	(2,538)	(78,063)
Rent income - sheds & garages	(1,120)	(11)	(1,131)
Tenant service charges	(2,805)	28	(2,777)
Lessee income	(9,522)	95	(9,427)
<b>Total Business Income</b>	<b>(88,972)</b>	<b>(2,426)</b>	<b>(91,398)</b>
<b>Other Income</b>			
Corporate Property Income	(7,976)	(252)	(8,228)
Heating & hot water charges	(3,165)	798	(2,367)
Pimlico District Heating Undertaking charges	(3,179)	(177)	(3,356)
Collection allowances	(908)	(37)	(945)
Costs recovered on sale of dwellings	(27)	(144)	(171)
Miscellaneous	(607)	191	(416)
<b>Total Other Income</b>	<b>(15,862)</b>	<b>379</b>	<b>(15,483)</b>
<b>Total Income</b>	<b>(104,834)</b>	<b>(2,047)</b>	<b>(106,881)</b>
<u>Expenditure</u>			
Total Management Costs	29,840	622	30,462
Total Special Services	10,000	(400)	9,600
Total Repairs	19,641	(116)	19,525
Total directly managed costs	<b>59,481</b>	<b>106</b>	<b>59,587</b>
<b>Total Council overheads and non-delegated budgets</b>	<b>8,646</b>	<b>(151)</b>	<b>8,495</b>
Other miscellaneous expenditure/income			
Major works lessees income	(9,442)	629	(8,813)
Capital financing costs	13,731		13,731
Depreciation, Deferred Charges & Impairment	22,046	(601)	21,445
Reversals through the Statement of Mvmt on HRA Balance	(9,046)	4,840	(4,206)
Provision for bad debts	1,700	(629)	1,071
Central Contingency	945	(345)	600
Total other miscellaneous expenditure	<b>19,934</b>	<b>3,894</b>	<b>23,828</b>
<b>Total Expenditure</b>	<b>88,061</b>	<b>3,849</b>	<b>91,910</b>
<b>Net deficit / (surplus) for year</b>	<b>(16,773)</b>	<b>1,802</b>	<b>(14,971)</b>
RCCO funded from HRA	40,295	(17,052)	23,243
RCCO funded from Leaseholders major works contributions	9,558	(2,276)	7,282
Interest on balances	(285)	34	(251)
Draw down of HRA reserves	(32,796)	17,493	(15,303)
<b>Net deficit / (surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>
HRA balance bought forward			64,347
Net deficit / (surplus)			(15,303)
HRA balance carried forward			<b>49,044</b>

**Budget and Performance Task Group – Report on 2015/16 Budget Scrutiny**

**1. Executive Summary - *The Scrutiny Process***

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

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

These Terms of Reference were agreed by the current Budget and Performance Task Group at its first meeting on 2 February 2015.

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

**2. Key Matters for Members’ Consideration - *Summary of Response***

**2.1 Overall Budget**

The overall 2015/16 draft budget appears robust, and officers provided assurances on a number of points to members across all Directorates, including that there had been no double counting in terms of the Public Health budget, that the 20% decrease in the Education Services Budget would be mitigated against, in terms of the level of reserves held by the Council, in relation to the financing of redundancy payments, and around the deliverability of a number of projects.

**2.3 Risks Highlighted**

***Finance***

The uncertainty around forthcoming changes to Business Rates appeals, and that this may cause a short term rise in appeals until the point that the changes are implemented, at which point officers project a fall in appeals.

### ***Corporate and Commercial Services***

Negotiations were underway with tri borough colleagues on the legal services project, and until this are resolved, the Council faces a degree of uncertainty.

### ***City Management and Communities***

The Hemmings decision is being appealed and the outcome of that may have further implications in other areas of enforcement and assumptions on future levels of income.

### ***Growth, Planning and Housing***

The levels of private sector rents remains the same , leading to continuing high levels of homelessness and loss of temporary accommodation properties available to be leased from the private sector.

The reduction of the Discretionary Housing Payment funding reduces capacity to prevent homelessness.

The impact of benefits caps on 3,000+ private sector tenants claiming Local Housing Allowance limits their ability to keep tenancies, leading to increased homelessness approaches to the Council, with fewer alternative affordable properties available across London.

In terms of the investment portfolio, there would be a short term loss of rent when the Council is in the process of redeveloping properties.

## **3. First Budget and Performance Task Group Meeting – Monday 2 February 2015**

The first meeting of the Budget and Performance Task Group on Monday 2 February 2015 appointed Councillor Tim Mitchell as Chairman, confirmed the group's membership and agreed its programme of work and corresponding timetable.

The City Treasurer provided a summary of the **finance settlement** which he explained was largely as anticipated, and continued that it was his view that the Council should be planning for this type of austerity to continue until around 2020. He advised that his team was working on bringing together the revenue and capital budgets so these are not dealt with in isolation.

Concerns were raised in relation to the 20% fall in the Education Services Grant, which had not been anticipated, but the City Treasurer advised that officers were working to mitigate against this reduction in funding.

After examining the overarching budget context, the **City Treasurer** presented Members with the planned budget for the Finance service, and advised that it



was planning to deliver £4.6m savings and drive up the quality of service benchmarked against both public and private sectors. The team would deliver a balanced budget this year and next year, and strive to continually improve the budget process, and officers were looking to accelerate the annual accounts process again this year. He concluded that in terms of his team, it was not solely about delivering accounts, but about driving ambition and transformation, and providing a service of excellence.

The Director of **Policy, Performance and Communications** provided a synopsis of the Directorate and its services and ambitions. She provided a breakdown of key controllable service area budgets for 2014/15 and savings for 2015/16, explaining that the budget change was principally around income and efficiencies, and highlighted that the service was raising around 25% of its budget from income.

The Tri-Borough Executive Director of **Finance and Corporate Services** explained that the majority of savings as presented were coming from Tri Borough projects. She advised that the legal services project was on track as per the business plan, and with officers in discussions with tri-borough colleagues on this project. In relation to revenue and benefits, officers were currently negotiating with the incumbent supplier on a contract extension. Regarding agency staff, Ms West stated that it was difficult to attribute these savings, as agency staff were held across the entire Council, not just in HR.

The Executive Director for **City Management and Communities** drew members' attention to key issues section and highlighted the waste disposal contract re-let as a risk, and stated that this could be a challenge for officers going forward, as the cost could be significantly higher than current costs.

The Executive Director provided further information in relation to a number of projects outlined in the papers:

Transformation and Commercial Opportunity (£1.4m) There were three main components to this: (1) saving on highways budgets were a mix of capitalisation, (2) £210k saving from contracts, neither was likely to have a significant customer impact, and (3) £660k saving from the running of CCTV: Westminster City Council was in the process of commissioning a new CCTV system. Earmarked funds had been identified to run the system for the next two years, and officers would use this time to attempt to secure external funding as others should be contributing to upkeep and operation of system. There would be discussions with MOPAC and stakeholders (including BIDs). Other savings within built environment area were generally small adjustments. In conclusion, The Executive Director reinforced that in his opinion, nothing in the overall £1.4m would have significant customer impact.

Area Based Working – There were two main components. It brought together street management and premises management units to create a single Public Protection and Licensing function. There would be management savings and savings in administrative staff and there would be new, more broadly based, frontline enforcement officers. In terms of the HR impact, the Executive Director advised that the total directorate reduction would be in the region of 80 staff, although 30 posts were not currently permanent staff, and 24 had applied for voluntary redundancy; so he believed that the number of staff being made compulsorily redundant would be around a quarter of the total figure. Officers performing an ‘area warden’ function would remain although officers would look at needs of business and individuals so he could not say that the same people will remain in each ward. The new roles would have a broader range, with more capable staff who would be trained to deliver in these new roles.

Discretionary Services Reduction – there would be a review of charges levied on utilities for digging up roads as this had not been looked at for a number of years, officers believed that £0.5m could be generated. In relation to grounds maintenance, Westminster City Council has more Green Flags than any other Borough. It was proposed that frontline staff reduce from 80 to 68. It was recognised that this was a flagship service and officers would keep a close eye on standards. In relation to premises management unit, savings were proposed for a number of non-statutory services. Officers had successfully bid for Public Health funding or some services which deliver Public Health outcomes, and would also be more selective in prioritising work on planning and licensing consultations, and noise monitoring on construction sites etc. to save £150k.

Parking Transformation Programme – the saving of £1.3m was a net figure in which contract savings would be set against a reduced income from penalties. No rise in parking charges is assumed. Further to a question, the Executive Director advised that the last tariff increase in inner zones was in 2009, and outer zones was 2011.

Sport and Leisure – these proposals envisaged fine tuning of the sports programme with health outcomes to secure funding from Public Health. Officers were continuing to develop customer offers at sports centres and ring centres towards cost neutrality.

Freedom Passes – The current spend is £15m, of which £12m was mandatory, with £3m discretionary for those who would not meet criteria for a disabled person’s Freedom Pass. The proposal was not to change eligibility criteria. Some features of the administration of the scheme merit closer investigation, for example, there were more passes than eligible people in some wards; and no independent health assessments are undertaken, just a signature from a doctor.

The Royal Borough of Kensington and Chelsea (RBKC) insist on an Occupational Health assessment as does Westminster City Council for disabled parking badge applicants. The Council issues twice as many discretionary passes as RBKC and this number may suggest that if the Council introduces a more rigorous process to ensure only those genuinely eligible received passes, savings could materialise.

Members underlined the importance of any work undertaken on assessing members of the public for Freedom Passes having to be done very sensitively, particularly for those who may have mental health conditions, perhaps involving community groups.

Members queried as to how redundancy payments were being financed and the City Treasurer advised that the Council's approach was to ensure a maximum individual pay back of no more than three years; the aim was to secure as an average one year. There was a small fund set aside for redundancies and the current estimated figure is £700k, although this may change.

#### **4. Second Budget and Performance Task Group**

The second Task Group meeting took place on Thursday 5 February 2015.

The Tri Borough Director of Finance and Resources, **Adult Social Care** and Health provided a synopsis of the challenges facing the Adult Social Care Team, and advised that officers were looking to continually improve services with less funding. She outlined the approach the Directorate were taking going forward as alignment, "upstream" prevention, integration and personalisation of services, with a priority being to do as much as possible to streamline and use technology whilst protecting vulnerable citizens. She noted that although there was a reduction in the budget of £20m, around £15m of it was attributed to the transfer of the Freedom Pass budget to City Management and Communities.

In relation to the "Operations Integration/ Customer Journey" project, the Director advised that officers were working with NHS colleagues to make a wrap-around service possible for when patients are still at home, and trying to achieve a seamless service between the local authority and NHS. There are currently the same information systems in use across the three boroughs and officers were looking to share information with the NHS, where possible. Ms Wigley advised that the department was launching a mobile application for staff which officers believed could save £0.5 m this year. It was noted that this was at design stage and new ways of working may result in changes to the way staff work. There were also legislative changes to consider (i.e. phase 1 of The Care Act), which would result in the Council having to manage the increase in what it is required to

do at the same time as implementing the customer journey project; it would be very important to maintain then redesign staffing.

Members queried as to whether there would be any one off costs associated with the implementation of this project, and were advised that there would be, and that any costs would be shared between the three boroughs.

The Tri Borough Director of Finance, Adults Social Care advised that the **Public Health Service** was projecting a balanced budget for 2014/15, and that the draft budget for 2015/16 comprised a ring fenced Department of Health grant of £31.2 million which was expected to be fully allocated; and additional funds of £2.1m were expected from October 2015 to cover additional services for 0-5 year olds healthy child programme. It was noted that £1.2m would be returned as dietetics services would not be provided by the local authority.

The Director advised that the team were undertaking a rolling programme of contract reviews for the services it provides, with the aim of delivering efficiencies, improving health and delivering value for money and improving inequalities. Members raised concerns about the future of Public Health funding.

In relation to **Children's Services**, the Tri Borough Director for Commissioning and the Tri Borough Director of Finance and Resources, Children's Services explained that the vision of the department was to keep children safe, keep them from harm, improve their life opportunities and deliver a high quality education. Members were advised that the flagship project for the team was "Focus and Practice", where the focus would be on longer more intensive time with families in trouble to prevent expensive on-going costs over future years, or to take early action to keep children safe from harm.

The Task Group was advised that the net budget excluding schools was £40m and of this £25m was allocated to family services (including, for example, child protection services, social work, looked after children).

Officers highlighted that there may be opportunities to substitute funds, for example where officers can demonstrate improving Public Health outcomes for children, particularly for those under the age of five.

Members asked a number of questions around the children's centres, youth services and play services, and the demand management of taking children into care.

Councillor Dimoldenberg asked that it be reflected in the record that he did not support the children's centre, youth services, and play services proposals and could see no merit in this proposal being pursued.

In relation to the **Housing General Fund**, the Supporting People and Homelessness Strategy Manager advised that the Council was still experiencing high numbers presenting as homeless – around 600 this year – and the Council was required to meet its statutory obligation to provide suitable housing. Challenge to find housing to meet needs in terms of cost and size. The Council had maintained the number of properties in Westminster but also increasing those outwith the Borough.

A number of risks were highlighted and noted –

- high private sector rental costs continue, leading to continuing high levels of homelessness and loss temporary accommodation properties leased from the private sector.
- the reduction of Discretionary Housing Payment funding reduces capacity to prevent homelessness.
- the impact of benefits caps on 3,000+ private sector tenants claiming Local Housing Allowance limits their ability to keep tenancies, leading to increased homelessness approaches to the Council, with fewer alternative affordable properties available across London.

In respect of the **Planning** portfolio, the Head of Strategic Projects advised that he expected planning applications to fall but this has not been the case, it continued to be in the region of 12,500 – 13,000 per annum.

Referring to the proposal on Development Planning Transformation (£0.3m), officers explained that the team was moving from paper to an electronic process; e-forms for online reporting etc. and staff will be able to interact faster and quicker.

Regarding the proposed saving against Built Environment Transformation, it was noted that this was a change relating to the trees budget; currently the Council was spending £160k per annum on tree planting and maintenance and the proposal was to capitalise an element of this.

In speaking to the **Growth** portfolio, the Executive Director for Growth, Planning and Housing advised that the Council now had a medium term plan for its investment portfolio. Whilst rents and rates were both increasing, officers were mitigating this through an increase in rents. The Executive Director continued that the Council was reducing its property footprint and growing income by using property efficiently and effectively. As an example, City Hall would contribute £3m per annum going forward. It was noted that in redeveloping properties, there

would be a loss of rent in short terms and that officers were working to mitigate against this.

The FM contact (which was let on a tri borough basis) would see cost reductions on the tender price year on year.

The Executive Director concluded that the five key development projects in 2014/15 would contribute an additional £8m in revenue on delivery of pre financing.

## 5. Recommendations

- 5.1 That this Task Group be provided with the **Capital Programme** papers in future years, to enable scrutiny to take place in a meaningful and timely manner.
- 5.2 To note that there may be one off costs associated with the **Operations Integration / Customer Journey** proposal ” (Adult Social Care Services) and to request that officers **scope these costs** at the earliest opportunity to enable members to understand the financial implications.
- 5.3 In relation to Public Health, to note that there was a risk that **the funding formula could be reconsidered** at a future date, and to therefore recommend that officers be instructed to **collate robust data** to enable the strongest possible case to be made for funding, should this situation arise.
- 5.4 In relation to the proposal discussed on 2 February on **Freedom Passes** (City Management and Communities), to note officers’ proposals in regards to implementing an independent assessment, and to request that should this be implemented, that it be done so with the **upmost sensitivity and concern** for those in particular who may have mental health conditions.

**Council Tax Resolution**

That the Council be recommended to resolve as follows:

1. It be noted that on the 21st of January 2015, the Council calculated the Council Tax Base 2015/16
  - a) For the whole Council area as **121,890.83** [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”); and
  - b) For dwellings in the Montpelier Square area as **94.16**
  - c) For dwellings in the Queen’s Park Community Council area as **3,156.38**
2. Calculate that the Council Tax Requirement for the Council’s own purposes for 2015/16 (excluding Special Expenses) is **£46,043,042**
3. That the following amounts be calculated for the year 2014/15 in accordance with Sections 31 to 36 of the Act:
  - a) **£1,233,319,049** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it
  - b) **£1,279,394,591** being the aggregate amounts which the Council estimates for items set out in Section 31A(3) of the Act
  - c) **£46,075,542** being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax Requirement for the year (*Item R in the formula in Section 31B of the Act*)
  - d) **£378.01** being the amount at 3(c) above (Item R) all divided by Item T (1(a) above), calculated by the Council in accordance with Section 31B of the Act, as the Basic Amount of its Council Tax for the year (including Special Amounts)
  - e) **£32,500** being the amount of the Montpelier Square Garden Committee special item referred to in Section 34(1) of the Act

f) **£377.74** being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of the Council Tax for the year for those dwellings in those parts of the area to which no special item relates.

4. To note that the Greater London Authority have issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below:

Band	Greater London Authority
A	£196.67
B	£229.44
C	£262.22
D	£295.00
E	£360.56
F	£426.11
G	£491.67
H	£590.00

5. To note that the Queen's Park Community Council have issued a precept to the Council in accordance with Section 41 of the Local Government Finance Act 1992 for each category of dwellings in the relevant part of the Council's area as indicated in the table below

Band	Queen's Park Community Council
A	£29.60
B	£34.53
C	£39.47
D	£44.40
E	£54.27
F	£64.13
G	£74.00
H	£88.80



6. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992 hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2015/16 for each part of its area and for each category of dwellings:

Westminster Council Requirement & Special Items

Band	Montpelier Square	Queen's Park Community Council	All Other Parts of The City
A	£481.94	£281.43	£251.83
B	£562.26	£328.33	£293.80
C	£642.58	£375.24	£335.77
D	£722.90	£422.14	£377.74
E	£883.54	£515.95	£461.68
F	£1,044.18	£609.75	£545.62
G	£1,204.84	£703.57	£629.57
H	£1,445.80	£844.28	£755.48

Westminster Council Requirement, Special Items and Precepts

Band	Montpelier Square	Queen's Park Community Council	All Other Parts of The City
A	£678.61	£478.10	£448.50
B	£791.70	£557.77	£523.24
C	£904.80	£637.46	£597.99
D	£1,017.90	£717.14	£672.74
E	£1,244.10	£876.51	£822.24
F	£1,470.29	£1,035.86	£971.73
G	£1,696.51	£1,195.24	£1,121.24
H	£2,035.80	£1,434.28	£1,345.48

7. That the City Treasurer be authorised to collect (and disperse from the relevant accounts) the Council Tax and the National Non-Domestic Rate and that whenever the office of the City Treasurer 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.
8. That notice of amounts of Council Tax be published.

9. That the Council does not adopt a special instalment scheme for Council tenants.
10. That the Council offers as standard the following patterns for Council Tax and National Non-Domestic Rate: payment by 1, 2, 4, 10 or 12 instalments and that delegated officers have discretion to enter into other agreements that facilitate the collection of Council Tax and National Non-Domestic Rate.
11. That the Council does not offer payment discounts to Council Taxpayers
12. 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.

**Capital Programme 2015/16 to 2017/18 (£000s)****Cabinet Member:****All**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Adults & Public Health - Cllr Robathan	513	(165)	348	165		165			
Housing, Regeneration, Business and Economic Development - Cllr Astaire	45,168	(36,726)	8,442	18,876	(13,124)	5,752	74,411	(642)	73,769
Children and Young People - Cllr Chalkley	31,148	(29,168)	1,980	7,383	(5,533)	1,850	250		250
City Management, Transport and Infrastructure - Cllr Beddoe	13,468	(2,000)	11,468	11,531	(75)	11,456	10,453	(75)	10,378
Deputy Leader and Built Env. - Cllr Davis	27,169	(19,782)	7,387	5,760	(2,090)	3,670	5,070	(1,000)	4,070
Public Protection - Cllr Aiken	1,716		1,716						
Sports, Leisure and Open Spaces - Cllr Summers	8,127		8,127	9,545		9,545	1,290		1,290
Sustainability And Parking - Cllr Acton	805		805						
Finance, Corporate and Customer Services - Cllr Caplan	50,542		50,542	20,537		20,537	12,466		12,466
<b>Total expenditure and external funding</b>	<b>178,656</b>	<b>(87,841)</b>	<b>90,815</b>	<b>73,797</b>	<b>(20,822)</b>	<b>52,975</b>	<b>103,940</b>	<b>(1,717)</b>	<b>102,223</b>
Net expenditure funded by:									
Capital receipts			(87,700)			(500)			
Borrowing			(3,115)			(52,475)			(102,223)
<b>Total funding for net expenditure</b>			<b>(90,815)</b>			<b>(52,975)</b>			<b>(102,223)</b>

\*Receipts are shown in Service Areas for illustrative purposes only.

**Capital Programme 2015/16 to 2017/18 (£000s)****Cabinet Member:****Adults & Public Health - Cllr Robathan**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Beachcroft & Carlton Dene Development	348		348	165		165			
117 Alderney St	165	(165)							
<b>Total expenditure and external funding</b>	<b>513</b>	<b>(165)</b>	<b>348</b>	<b>165</b>		<b>165</b>			
Net expenditure funded by:									
Capital receipts									
Borrowing			(348)			(165)			
<b>Total funding for net expenditure</b>			<b>(348)</b>			<b>(165)</b>			

**Capital Programme 2015/16 to 2017/18 (£000s)****Cabinet Member:****Housing, Regeneration, Business and Economic Development - Cllr Astaire**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
AHF - Westminster Community Homes	(3,200)	3,200							
291 Harrow Road	(12,967)	8,967	(4,000)	(5,700)	3,582	(2,118)	(5,784)		(5,784)
AHF - Residential Landlords	(23,100)	23,100		(8,900)	8,900				
Disabled Facilities Grant	(959)	642	(317)	(959)	642	(317)	(959)	642	(317)
Housing Renovation Grants	(200)		(200)	(200)		(200)	(200)		(200)
Tresham House development	(2,600)		(2,600)						
Emmanuel House Major Works	(50)		(50)	(50)		(50)			
Older Persons Housing	(817)	817							
Depot Works - Page Street	(50)		(50)						
Lisson Arches	(1,225)		(1,225)	(1,200)		(1,200)			
Lisson Health				(1,867)		(1,867)	(7,468)		(7,468)
Dudley House							(60,000)		(60,000)
<b>Total expenditure and external funding</b>	<b>(45,168)</b>	<b>36,726</b>	<b>(8,442)</b>	<b>(18,876)</b>	<b>13,124</b>	<b>(5,752)</b>	<b>(74,411)</b>	<b>642</b>	<b>(73,769)</b>
<u>Net expenditure funded by:</u>									
Capital receipts			1,500			500			
Borrowing			6,942			5,252			73,769
<b>Total funding for net expenditure</b>			<b>8,442</b>			<b>5,752</b>			<b>73,769</b>

**Capital Programme 2015/16 to 2017/18 (£000s)****Cabinet Member:****Children and Young People - Cllr Chalkley**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
King Solomon	2,000	(2,000)		2,250	(2,250)				
Wilberforce School	3,000	(1,400)	1,600	3,000	(1,400)	1,600			
UTC Ebury Bridge	15,000	(15,000)							
Christ Church Bentinck	2,781	(2,781)		133	(133)				
Queen's Park Boundary Wall	100	(100)							
Queen's Park Reception	550	(550)							
Robinsfield New Reception	606	(606)							
Essex Endine Safeguarding & Refurbishment	942	(942)							
Paddington Green Safeguarding	545	(545)							
Minor Works Projects 14/15	60	(60)							
St Georges School	1,000	(1,000)		1,000	(1,000)				
Primlco Academy	1,000	(1,000)		750	(750)				
2YO Capital Programme	280	(280)							
Quintin Kynaston	2,979	(2,904)	75						
6 Crompton St	55		55						
Children's Centres Works	250		250	250		250	250		250
<b>Total expenditure and external funding</b>	<b>31,148</b>	<b>(29,168)</b>	<b>1,980</b>	<b>7,383</b>	<b>(5,533)</b>	<b>1,850</b>	<b>250</b>		<b>250</b>
<u>Net expenditure funded by:</u>									
Capital receipts			(3,200)						
Borrowing			1,220			(1,850)			(250)
<b>Total funding for net expenditure</b>			<b>(1,980)</b>			<b>(1,850)</b>			<b>(250)</b>

**Capital Programme 2015/16 to 2017/18 (£000s)****Cabinet Member:****City Management - Cllr Beddoe**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Aged Expired Equipment CY	220		220	230		230	230		230
Cherished Column Replacement CY	85		85	90		90	90		90
Lighting Improvements CY	1,475		1,475	1,650		1,650	1,650		1,650
Load Testing CY	60		60	65		65	65		65
Reg Sign Replacement CY	65		65	279		279	288		288
Structural Critical Column CY	180		180	190		190	180		180
Minor Projects - Public Lighting	75		75						
Smart Signs	200		200						
Protective Paint Coating To Lights	284		284	297		297	310		310
Planned Preventative Maintenance	585		585	690	(75)	615	690	(75)	615
Waterloo Bridge	1,125		1,125	1,000		1,000	900		900
Victoria Embankment Sturgeon Repairs	350		350	300		300			
Tunnel Improvements And Road Underpass	470		470	385		385			
Replacement Street Nameplates CY	85		85	90		90	80		80
Anti Skid Surfacing CY	145		145	155		155	155		155
VFM footway strengthening	220		220						
Gully Reconstruction CY	200		200	240		240	250		250
Damaged Paving Prog CY	200		200	300		300	300		300
Footway Prog Maint CY	1,675		1,675	2,140		2,140	2,140		2,140
Minor Projects - Carriageway	150		150						
Carriageway Prog Maint CY	2,585		2,585	2,700		2,700	2,700		2,700
Cycling Grid	2,000	(2,000)							
Mobile working for Wardens	250		250						
Recycling Containers & Sacks	169		169	100		100	100		100
SELCHP Plant Improvements	615		615	630		630	325		325
<b>Total expenditure and external funding</b>	<b>13,468</b>	<b>(2,000)</b>	<b>11,468</b>	<b>11,531</b>	<b>(75)</b>	<b>11,456</b>	<b>10,453</b>	<b>(75)</b>	<b>10,378</b>
Net expenditure funded by:									
Capital receipts									
Borrowing			(11,468)			(11,456)			(10,378)
<b>Total funding for net expenditure</b>			<b>(11,468)</b>			<b>(11,456)</b>			<b>(10,378)</b>

**Capital Programme 2015/16 to 2017/18 (£000s)****Cabinet Member:****Deputy Leader and Built Env. - Cllr Davis**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
P2W Haymarket	300		300						
Marylebone High Street	750		750						
Oxford/Regent Street/Bond Street	350		350	450		450	450		450
West End Corridors & Neighbourhoods Schemes LIP	1,264	(1,264)							
Covent Garden And Side Streets Area Improvements	400		400	450		450	450		450
Barnwick Street SNS	1,100		1,100						
Westbourne / Paddington Projects	400		400	450		450	450		450
Queensway / Westbourne Grove	1,200		1,200	1,950	(1,950)		1,000	(1,000)	
Chancery Street Development	300	(300)							
Victoria Public Realm	400		400	450		450	450		450
River Thames Area Projects	400		400	500		500	500		500
Baker Street Gyratory	2,000	(2,000)							
Bond Street Streetscape	300	(300)							
Parliamentary Estate	5,000	(5,000)							
Wellington St	300	(300)							
Upper St Martin Lane	370	(370)							
Harrow Road Roundabout	215	(215)							
Langham Place/Regent Street	318	(318)							
Harrow Road W/B To Bourne Terrace	285	(285)							
Harrow Road-Portnall Rd To Chippenham Rd	170	(170)							
Buckingham Palace Road	50	(50)							
Grosvenor Hill Public Realm	1,736	(1,736)							
Other Developer	1,764	(1,764)							



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	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
<b>Capital schemes</b>									
Security	3,000	(3,000)							
Harrow Rd Gyrotory Taxi Rank	700	(700)							
Newport Place	100	(100)							
Cathedral Piazza	674		674						
Leicester Square Redesign	323		323						
Leicester Square Ticket Office	300		300						
Cambridge Circus Improvements	800	(800)							
Future Major Projects				400		400	400		400
Crossrail Public Realm							500		500
<b>Total Safety Schemes</b>	300	(200)	100	100		100	100		100
Traffic Management - Named	325		325	500		500	400		400
Vulnerable Traffic Management & Safety Schemes	300	(300)							
Local Bus Challenge Lip 15/16	100	(100)							
Transport & Street Lip 15/16	100	(100)							
BSA Lip 15/16	100	(100)							
Traffic Signals Lip 15/16	100	(100)							
Legible London 2015/16	70	(70)							
Electric Vehicle CY	140	(140)		140	(140)				
Street Trees - New Planting	215		215	170		170	170		170
Parks Landscaping	150		150	200		200	200		200
<b>Total expenditure and external funding</b>	<b>27,169</b>	<b>(19,782)</b>	<b>7,387</b>	<b>5,760</b>	<b>(2,090)</b>	<b>3,670</b>	<b>5,070</b>	<b>(1,000)</b>	<b>4,070</b>
<u>Net expenditure funded by:</u>									
Capital receipts									
Borrowing			(7,387)			(3,670)			(4,070)
<b>Total funding for net expenditure</b>			<b>(7,387)</b>			<b>(3,670)</b>			<b>(4,070)</b>

**Capital Programme 2015/16 to 2017/18 (£000s)****Cabinet Member:****Public Protection - Cllr Aiken**

	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
<b>Capital schemes</b>									
CCTV - Crime & Disorder Estate	1,716		1,716						
<b>Total expenditure and external funding</b>	<b>1,716</b>		<b>1,716</b>						
Net expenditure funded by:									
Capital receipts									
Borrowing			(1,716)			-			-
<b>Total funding for net expenditure</b>			<b>(1,716)</b>			<b>-</b>			<b>-</b>

**Capital Programme 2015/16 to 2017/18 (£000s)****Cabinet Member****Sports, Leisure and Open Spaces - Cllr Summers**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Synthetic Sports Pitch							150		150
Changing Room Refurbishment							150		150
Sports Centre Condition Survey	50		50	150		150	250		250
Moberly Sports Centre Redev	900		900	500		500			
Tiling All Sites Improve Ch Rm	10		10	10		10	15		15
Queen Mother Sports Centre - M&E	50		50						
CCTV Upgrades Leisure Centres	10		10	10		10	15		15
Paddington Recreation Ground (PRG) - Paths etc	25		25	25		25	25		25
Savers Croft - Refurbishments	75		75	75		75	75		75
Paddington Recreation Ground (PRG) - Horticulture	20		20	20		20	20		20
Health And Wellbeing Signage In Parks	25		25	25		25			
PRG - New Spectator And Ancillary Facilities	30		30	35		35			
Westbourne Green Skate Park & Multi Use Games Areas	35		35	30		30			
Multi Use Games Areas And Outdoor Fitness Facilities	35		35	35		35	35		35
School Sports Facilities.	50		50	50		50			
Junior Fitness Facility Development In Sports Centres	60		60	75		75			
Major Projects Feasibility & Investigative Works	150		150	150		150			
PRG- Replacement Of Children's Playground							150		150
The Porchester Centre	325		325	75		75			
Marylebone Library	4,860		4,860	7,400		7,400			
Libraires - rolling decoration programme	150		150	470		470	320		320
Pimlico Library	100		100						
Libraries Minor Works	250		250	200		200			
Library ICT - Self Service	100		100	50		50			
Victoria - Nova Development	250		250						

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	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
<b>Capital schemes</b>									
Playgrounds - Minor Wks	50		50	50		50	50		50
Memorial Safety In Cemeteries	127		127	35		35	35		35
Hanwell Cemetery Walls	190		190						
Hanwell Cemetery Pathways	55		55						
St Mary's Churchyard Boundary Wall	70								
St Johns Gdn Horseferry Rd Wal	75		75	75		75			
<b>Total expenditure and external funding</b>	<b>8,127</b>		<b>8,127</b>	<b>9,545</b>		<b>9,545</b>	<b>1,290</b>		<b>1,290</b>
<u>Net expenditure funded by:</u>									
Capital receipts									
Borrowing			(8,127)			(9,545)			(1,290)
<b>Total funding for net expenditure</b>			<b>(8,127)</b>			<b>(9,545)</b>			<b>(1,290)</b>

**Capital Programme 2015/16 to 2017/18 (£000s)****Cabinet Member:****Sustainability And Parking - Cllr Acton**

	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
<b>Capital schemes</b>									
CCTV Technology	805		805						
<b>Total expenditure and external funding</b>	<b>805</b>		<b>805</b>						
<u>Net expenditure funded by:</u>									
Capital receipts									
Borrowing			(805)			-			-
<b>Total funding for net expenditure</b>			<b>(805)</b>			<b>-</b>			<b>-</b>

**Capital Programme 2015/16 to 2017/18 (£000s)****Cabinet Member:****Finance, Corporate and Customer Services - Cllr Caplan**

Capital schemes	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
Networks	350		350	350		350	250		250
End User Computing				100		100	1,600		1,600
Departmental IT	175		175	75		75	75		75
Datacentre Refresh	450		450	450		450	100		100
Security							50		50
Software Licensing	50		50	50		50			
Capitalisation	100		100						
Borough capital	100		100						
SPR Apps Packaging	50		50	50		50	50		50
City Hall Improvement	22,500		22,500	8,580		8,580			
Council House - Ceremonial space	170		170	875		875			
Landlord Responsibilities	3,000		3,000	3,000		3,000	3,000		3,000
F Gas replacement	48		48						
Project support - Property	396		396	406		406	406		406
Coroner's Court	1,286		1,286	426		426			
Energy monitoring upgrade	130		130	50		50	50		50
Facilities Management Programme (FMP)	1,000		1,000	700		700	700		700
Landlord Works - Soho	30		30						
Landlord Works - Regency - roof	140		140						
Landlord Works -Mayfair Library	485		485	100		100	460		460
Landlord Works - Pimlico	100		100						
Landlord Works - Lisson Grove	80		80						
Depot Works - Newport Place				150		150			
Lisson Grove Improvements	1,196		1,196						
Cosway Decant	500		500						
Asset disposal costs	120		120						

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	2015/16			2016/17			2017/18		
	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.	Gross Exp.	External Funding	Net Exp.
<b>Capital schemes</b>									
Disposal Farm Street	363		363						
Disposal 196a Piccadilly	150		150						
Disposal Moxon Street	600		600						
Regeneration projects	1,100		1,100						
Mandela Way depot improvements	398		398						
Legacy compliance works	300		300						
Contingency	15,175		15,175	5,175		5,175	5,725		5,725
<b>Total expenditure and external funding</b>	<b>50,542</b>		<b>50,542</b>	<b>20,537</b>		<b>20,537</b>	<b>12,466</b>		<b>12,466</b>
Net expenditure funded by:									
Capital receipts			(83,000)			-			-
Borrowing			32,458			(20,537)			(12,466)
<b>Total funding for net expenditure</b>			<b>(50,542)</b>			<b>(20,537)</b>			<b>(12,466)</b>

**Equalities Impact Assessments (EIAs)**

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

<b>Cabinet Portfolio</b>	<b>Proposed Budget Change</b>	<b>Potential Impact and explanation of how due regard to the Council's Equality Duty was given as part of the decision making process</b>
<b>Corporate</b>		
	Business Intelligence for enhanced decision making across Tri-Borough	The setting of a BI service of itself will not cause any direct impact to groups or individuals. The ability of the BI service to enable better decision making will potentially have direct impacts, but these will vary entirely from project to project.
	Outdoor Media	No equalities impact.
	Policy, Performance & Communications restructure	As part of this restructure, neither the policies nor any of the services to the public are being changed and although the changes that are being made are staff related, there are none specifically aimed at any particular equality groups.
	Customer Digital Transformation	The impact of the CDT is positive for all customer groups and the council will not be removing any service options or channels. On that basis there are no equality impacts that need to be evaluated and therefore a full EIA is not required.
	Corporate Services - Tri-Borough Service Rationalisation	This is an efficiency saving. The project is not believed to have a detrimental effect on any particular equality groups.
	Customer Programme	No equalities impact.
	Commercial Property Investment Strategy	No equalities impact.
	Revised Organisational Design	No equalities impact.
	NNDR Increase	No equalities impact.
	City Treasurers reorganisation and restructure	No equalities impact.
	Transition to new IT	No equalities impact.



	contracts	
<b>Built Environment</b>		
	Built Environment Transformation	No negative impact on groups or communities.
	Development Planning Transformation & Combining Building Control across Tri-Borough	EIA considered. Impact on the back office processes associated with processing planning applications.
	City Management - Process efficiencies & commercial operations in Special Events	No equalities impact.
	Use of S106/Community Infrastructure Levy	No equalities impact.
<b>Adults &amp; Public Health</b>		
	Commissioning and contract savings, including work with Public Health and Children's services	There is no plan to negatively impact any group, however as operational changes may be extensive, an EIA following the design stage will provide an opportunity to review and ensure that these changes will not have any disproportionate impact on any group or community.
	Mental Health Placements	Changes to care packages will be based on the outcome of a care plan review and will be mutually agreed with the customer. However a further review will be conducted once the proposal design is confirmed, at which point a decision will be taken as to whether an EIA is required.
	Further ASC Transformation - Operations Alignment	No equalities impact.
	High Cost, High Needs Packages Review	No equalities impact.
	Better Care Fund	No equalities impact.
	Savings from hospital discharge	No equalities impact.
	Working with Public Health Services	No equalities impact.
	Tri-Borough Client Affairs service	No equalities impact. Already implemented in 2014/15.
	Increase in Social Care to Benefit Health funding	No equalities impact
<b>Housing, Regeneration, Business &amp; Economic Development</b>		

	City West Homes - increase in Commercial Activities	There is no unlawful discrimination, there is a commitment to improving the range and quality of service provision and the impact will be on improving the efficiency of services and decommissioning of those that are not strategically relevant and provided out of properties that are no longer fit for propose. The Council has a strong track record of reducing levels of resources in this area whilst maintaining and improving service outcomes and delivering housing pathways for the vulnerable.
	Major Projects - Income generation	The individual proposals each with their own timeline and implementation process may have some impact. As part of their natural implementation process some proposals may have to produce an EIA and this will be done at the appropriate time for that proposal.
	Built Environment Transformation - Alternative Sources of Funding	The individual proposals each with their own timeline and implementation process may have some impact. As part of their natural implementation process some proposals may have to produce an EIA and this will be done at the appropriate time for that proposal.
	Recharge all project management fees	The individual proposals each with their own timeline and implementation process may have some impact. As part of their natural implementation process some proposals may have to produce an EIA and this will be done at the appropriate time for that proposal.
<b>City Management</b>		
	Built Environment Transformation - Alternative Service Delivery Models	The individual proposals each with their own timeline and implementation process may have some impact. As part of their natural implementation process some proposals may have to produce an EIA and this will be done at the appropriate time for that proposal.
	Built Environment Transformation - Service Level Changes	This project will involve a reorganisation and structural change involving the loss of jobs. At this point in time this project does not disproportionately impact any of the equality groups. As the project progresses the need for a full EIA will be kept under review.
	Built Environment	No equalities impact.

	Transformation - Alternative Sources of Funding	
	Area Based Working / City Management Transformation	This project will involve a reorganisation and structural change involving the loss of jobs. At this point this project does not disproportionately impact any of the equality groups. As the project progresses the need for a full EIA will be kept under review.
	Area Management	No equalities impact.
	Road Management fee income	No equalities impact.
<b>Public Protection</b>		
	Commercial Income Opportunities	No equalities impact.
	Review of Discretionary Service Provision in City Management	No equalities impact.
	Closed Circuit Television Efficiencies	No equalities impact.
<b>Sports, Leisure &amp; Open Spaces</b>		
	Parks and Cemeteries	No equalities impact.
	Sports & Leisure breakeven model	No equalities impact.
	Voluntary and Community Based Services - Services Review	No equalities impact.
	Capitalisation of Library Books	No equalities impact.
	Promoting Public Health outcomes through Sports & Leisure activities	No equalities impact.
<b>Children &amp; Young People</b>		
	Commissioning contracts (specialist services)	There is unlikely to be an adverse impact on any protected characteristic within the community as commissioning and service activity will continue to be delivered and efficiencies identified to mitigate the staffing reduction. The staffing reduction may affect more women than men, reflecting the workforce profile within the directorate. The proposals will be subject to staff consultation to inform the design of future staffing and implementation arrangements

	Commissioning team	There is unlikely to be an adverse impact on any protected characteristic within the community as commissioning and service activity will continue to be delivered and efficiencies identified to mitigate the staffing reduction. The staffing reduction may affect more women than men, reflecting the workforce profile within the directorate. The proposals will be subject to staff consultation to inform the design of future staffing and implementation arrangements.
	Demand Management (including Focus on Practice / Early Help)	This relates to substitution funding, so no immediate impact on services or staffing.
	Early Help savings	The proposals regarding the savings initiatives for Children's Centres and Youth Provision are considered to have either positive or no equalities impact, while the proposal for Play Provision is deemed to have no equalities impact.
	Education	It is not considered that there will be any significant equalities implication. In many instances, the funding for the service is to continue and the saving is a result of a proportion of this funding coming from an alternative source (DSG). Where there is staff reorganisation, a full EIA will accompany any consultation proposals.
	Focus on Practice	Substitution funding, no immediate impact on services or staffing.
	Opportunities to substitute funding	No equalities impact identified.
	Other family services savings	Potential positive impact for children and families through promoting better education and employment prospects.
<b>Sustainability &amp; Parking</b>		
	Parking Transformation Programme	No equalities impact.
	Freedom Passes Reimbursements & Savings	No equalities impact expected – this relates to the timely switching off of Freedom Passes where recipients are no longer eligible. Proposals are under development, and a full EIA will be undertaken when this has been completed.



**City of Westminster**

## Cabinet Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	Monday 23 February 2015
<b>Classification:</b>	For General Release
<b>Title:</b>	Treasury Management Strategy for 2015/16, including Prudential Indicators and Statutory Borrowing Determinations
<b>Wards Affected:</b>	All
<b>Policy Context:</b>	To manage the Council's finances prudently and efficiently
<b>Financial Summary:</b>	<p>The Annual Treasury Management Strategy sets out the Council's strategy for investing its cash balances, and borrowing within appropriate risk parameters. The Council's investment priorities are to ensure the security of capital, the liquidity of its investments and an optimum return on its investments commensurate with proper levels of security and liquidity, while financing the Council's capital programme and ensuring that cash flow is properly planned. The strategy also sets out the Council's guidelines for ensuring the Council's capital investment plans are prudent, affordable, and sustainable.</p>
<b>Report of:</b>	Steven Mair, City Treasurer
	Tel: 020 7641 2904
	Email: <a href="mailto:smair@westminster.gov.uk">smair@westminster.gov.uk</a>

## **1. EXECUTIVE SUMMARY**

- 1.1 The Council is required under the Local Government Act 2003 (as amended) and other regulations to approve an Annual Treasury Management Strategy to cover: Borrowing Strategy, Investment Strategy and set Prudential Indicators together with borrowing limits for the next three years. In addition, the Council must approve an annual Minimum Revenue Provision Statement.
- 1.2 These strategies and statements have been prepared in accordance with the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes.
- 1.3 The Council's investment strategy remains to invest cash balances with highly rated bodies and external funds. Continued diversification of investment instrument and counterparty as a way of mitigating risk (while generating returns) remains key. There is also uncertainty around the implications of the so-called bank bail-in regulations which are being introduced on a phased basis in some EU countries (including UK) to prevent a future bail out of a financial institution by the relevant Government. Such implications may include what this will mean for bank credit ratings, the perceived (and possibly actual) increase in bank risk for depositors, the timing of any introduction as well as increased market concerns.
- 1.4 The Borrowing Strategy is to finance the Council's capital programme, minimise revenue costs and maintain an under borrowed position.
- 1.5 The Council's medium term plan includes revenue budget provision to meet the capital financing costs based on the Capital Programme and the recommended option for the Minimum Revenue Provision.

## **2. RECOMMENDATIONS**

- 2.1 That the Council be recommended to approve:
  - (i) The proposed Treasury Management Strategy, the Annual Investment Strategy and the Borrowing Strategy for 2015/16 (as set out in this paper);
  - (ii) The Minimum Revenue Provision proposal for 2015/16, as set out in section 8 and appendix 3;
  - (iii) The proposed Prudential Indicators, as set out in section 7;
  - (iv) The Treasury Management Policy Statement as set out in Appendix 1; and
  - (v) that the City Treasurer be delegated responsibility in consultation with the Cabinet Member for Finance, Corporate and Customer Services for any technical adjustments required to be made during the year

## **3. REASONS FOR DECISIONS**

- 3.1 The Council is required under the Local Government Act 2003 (as amended) and other regulations to approve an Annual Treasury Management Strategy to cover: Borrowing Strategy, Investment Strategy and set Prudential Indicators together with borrowing limits for the next three years. In addition, the Council must approve an annual Minimum Revenue Provision Statement.

## 4. BACKGROUND INFORMATION

4.1 The Treasury management service has two main functions, these are to:

- (i) Ensure that cash flow is adequately planned with cash being available when required and that surplus monies are invested in low risk counterparties or financial instruments commensurate with the Council's treasury management strategy; and
- (ii) Finance the Council's capital programme which requires longer term cash flow planning and borrowing assessments.

4.2 Both require robust financial management and rigorous cash flow modelling which feed into the Council's Medium Term Planning.

4.3 The Council's investment and borrowing policies are governed by the Local Government Act 2003 and the Secretary of State's Investment Code. These contain regulations backed up by various Codes of Practice. The Revised CIPFA Treasury Management Code of Practice 2009 and the Secretary of State's Investment Code, both require the s151 Officer to present an Annual Treasury Management Strategy ("TMS") which includes an Annual Investment Strategy, for the forthcoming year for approval by the full Council, before the beginning of each financial year. Further primary requirements of the Code are as follows:

- (i) creation and maintenance of Treasury Management practices which set out the manner in which the Council will achieve its policies and objectives
- (ii) receipt by the Council of a mid-year Treasury Review and an annual report in addition to the Treasury Management annual strategy
- (iii) delegation by the Council of the scrutiny of the strategy and policies, for Westminster this is the Housing and General Purposes Body and for implementing, monitoring and administering treasury management decisions, which for Westminster is the City Treasurer.

4.4 While this paper sets out the Investment Strategy to be followed for the Council's cash balances, the Council also undertakes significant investment in other areas (e.g. Property, supporting start-up businesses in the borough) through a portion of its cash balances that occur outside the Treasury investment function per se. This is following detailed business case appraisal and member approval.

4.5 The City Council has also implemented the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 requiring Full Council to approve an Annual Statement of Minimum Revenue Provision which is the amount set aside from revenue for the repayment of debt principal relating to the General Fund only. This is set out in further detail in section eight below.

4.6 The revised CIPFA Prudential Code for Capital Finance in Local Authorities sets out indicators that are to be used to support capital expenditure plans and treasury management decisions. The Prudential and Treasury Indicators have to be set by the full Council when the budget is set and are monitored during the year.

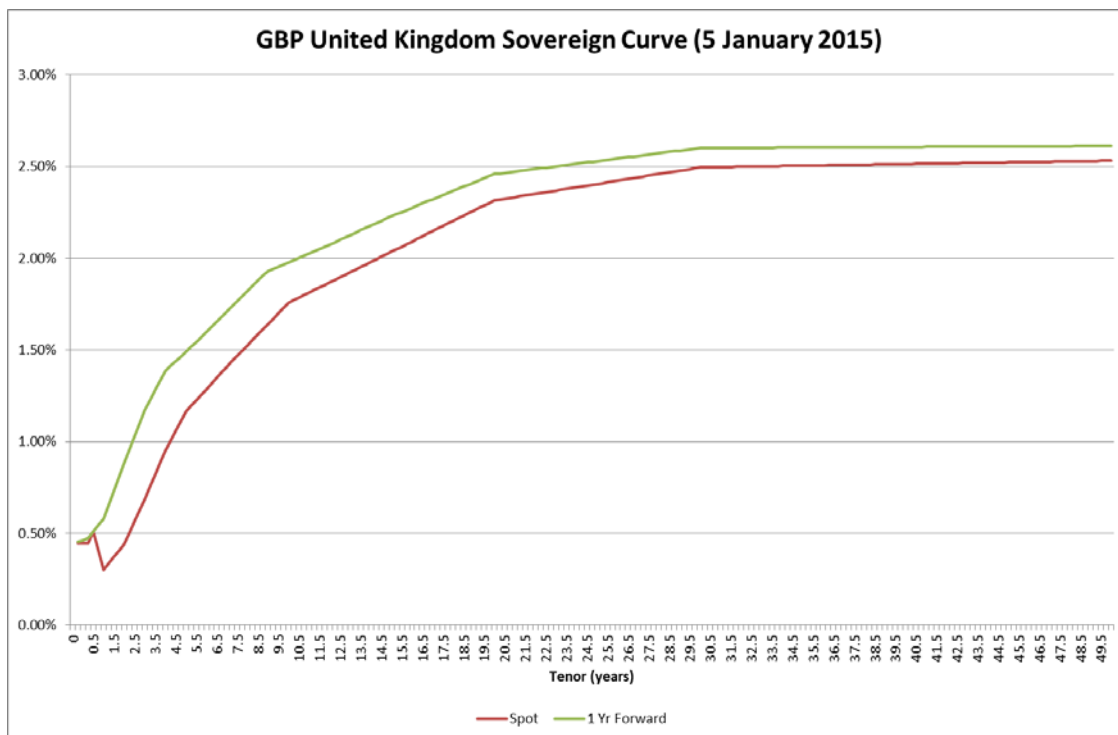
4.7 This report deals with the following Treasury Management issues:

- The Current Treasury Position
- The Annual Investment Strategy
- Capital and borrowing plans (including Treasury Limits, Prudential Indicators 2015/16 – 2017/18 and Related Matters)
- Minimum Revenue Provision
- Governance

## 5. CURRENT TREASURY POSITION

- 5.1 Under the Council's Treasury Management Policy (produced in accordance with CIPFA's Code of Practice for Treasury Management in the Public Services), the Council is required to have a Treasury Management Strategy (TMS) approved by the full Council on at least an annual basis. The TMS sets out the framework under which the Council manages its treasury investment activities.
- 5.2 Over recent years, the Council has benefited from strong cash balances, and the returns due to the then prevailing interest rates. However the financial crisis and subsequent economic changes have had a marked impact on the financial environment (including lower interest rates) within which the Council operates.
- 5.3 At the end of period 9, (31 December 2014), the Council had total cash investments totalling £524 million. These are used to fund day to day service operations, support capital funding requirements and payments for services accrued but unpaid. Cash levels will decline over the remainder of the year due to the timing of the business rate collection cycle (limited collection during January to March).
- 5.4 The projections for interest rates remain low in the short term, with Bank of England overnight rate remaining at 0.5% for up to 12 months. However, market rates remain very volatile and are affected by Quantitative Easing (continuing, unchanging or reducing) and perceived safe-haven status of the UK, keeping rates low against risk of macro-economic issues (particularly in Europe) and inflation risk pushing rates higher. The graph below shows the current UK Gilt Curve, together with the one-year forward Gilt curve (i.e. current market expectations for the Gilt rates in 12 months' time). The current expectation is that Gilt rates will be slightly higher (up to 0.50%) for all tenors in a year's time, compared with today.





Source: Bloomberg data

- 5.5 The Council's treasury portfolio position at 31 March 2014, with forward projections is summarised below. Table 1 below shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.
- 5.6 Table 1 shows the forecast position of gross borrowing as at 31/03/2015 at £311.87 million and an under borrowed position of £78.80 million. Council is asked to note the expected year end position.

**Table 1 – Current & Forecast Treasury Portfolio**

£m	2013/14 Actual	2014/15 Forecast	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
<b>Gross Debt</b>					
External Debt	319.25	284.65	291.93	294.28	348.95
Other Long Term Liabilities (OLTL)	23.05	21.66	19.94	17.79	15.12
<b>Actual Gross Debt at 1 April</b>	342.30	306.31	311.87	312.07	364.07
Expected changes in Debt	(34.60)	7.27	2.35	54.67	98.90
Expected Change in OLTL	(1.39)	(1.72)	(2.14)	(2.67)	(3.35)
<b>Actual Gross Debt at 31 March</b>	306.31	311.87	312.07	364.07	459.62
Capital Financing Requirement	383.39	390.66	393.01	447.68	546.58
<b>(Under) / over borrowing</b>	<b>(77.03)</b>	<b>(78.80)</b>	<b>(80.93)</b>	<b>(83.61)</b>	<b>(86.96)</b>

- 5.7 Table 1 above shows the Council will need to take out significant borrowings during 2015/16 to 2018/19 if the capital programme spends in accordance with the anticipated profile.

5.8 There are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2015/16 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. It is clear from the table above that the Council's gross borrowing position is well within these limits.

## 6. ANNUAL INVESTMENT STRATEGY

6.1 This section sets out the Council's annual investment strategy for 2015/16 and notes any proposed changes from the 2014/15 Treasury Management Strategy, the table below summarises the maximum amounts and tenors of investments that the Council can hold. The table also shows the maximum proposed limits that officers can work within

**Table 2 – Maximum Amounts and Tenors of Investments**

Institution Type	Minimum Credit Rating Required (S&P / Moodys / Fitch)	Maximum Individual Counterparty Investment limit (£m)	Maximum tenor of deposit / investment	Treasury Management Strategy 2014/15
DMO Deposits	UK Government Rating	Unlimited	6 months	No change
UK Government (Gilts / T-Bills / Repos)	UK Government Rating	Unlimited	Unlimited	No change
Supra-national Banks	AA+ / Aa1 / AA+	£200m	5 years	£100m / 3 years
European Agencies	AA+ / Aa1 / AA+	£200m	5 years	£100m / 3 years
Network Rail	UK Government Rating	Unlimited	Oct 2052	No change
TfL	AA-/Aa3/AA-	£100m	5 years	3 years
GLA	NA	£100m	5 years	3 years
UK Local Authorities	NA	£50m per Local Authority, £100m in aggregate	3 years	No change
GBP denominated Commercial Paper issued by UK and European <sup>1</sup> corporates	A-1 / P-1 / F-1	£40m per name, £200m in aggregate	Six months	£20m per name / £100m in aggregate. Extended for 15/16 to cover European <sup>1</sup> corporates
Money Market Funds MMF	AAA / Aaa / AAA be AAA by at least two of the main credit agencies	£70m per fund manager, £300m in aggregate	Three day notice	£50m per fund, £200m in aggregate
Enhanced Money Funds	AAA / Aaa / AAA by at least one of the main credit agencies	£25m per fund manager, £75m in aggregate	Up to seven day notice	£50m in aggregate
Covered Bonds	AA+ / Aa1 / AA+ of the bond issue; investment grade of underlying issuer	£100 million	5 years	NEW

<sup>1</sup> Subject to paragraph 6.15 below.

Institution Type	Minimum Credit Rating Required (S&P / Moodys / Fitch)	Maximum Individual Counterparty Investment limit (£m)	Maximum tenor of deposit / investment	Treasury Management Strategy 2014/15
UK Bank (deposit or Certificates of Deposit)	AA- / Aa3 / AA- and above (or UK Government ownership of greater than 25%), subject to minimum ST ratings	£75m	5 years	3 years; CD a new asset class
UK Bank (deposit or Certificates of Deposit)	A- / A3 / A- and above, subject to minimum ST ratings	£50m	3 years	Six months; CD a new asset class
Non-UK Bank (deposit or Certificates of Deposit)	AA- / Aa2 / AA- and above, subject to minimum ST ratings	£50m	5 years	One year; CD a new asset class
Non-UK Bank (deposit or Certificates of Deposit)	A / A2 / A and above, subject to minimum ST ratings	£35m	3 years	Six months; CD a new asset class

6.2 The remainder of this section covers the following in further detail:

- Current investment types
- Changes for the 2015/16 Treasury Management Strategy
  - Commercial paper to cover European corporates
  - Covered bonds
  - Certificates of deposit
- Proposed changes to investment limits and tenors
- Non-specified investments
- Country of domicile
- External managers

### **Current Investment Types**

6.3 As per the 2014/15 Treasury Management Strategy, it is proposed that for 2015/16 the Council can continue to invest in financial institutions, external funds and certain capital market instruments as set out below. All investments would be in Sterling. The investment types listed below are as per the current TMS:

- (i) investment with the Debt Management Office with no financial limit (UK Government guaranteed)
- (ii) investment in financial institutions of a minimum credit rating, with the parent company domiciled only in jurisdictions as per paragraphs 6.15-6.17 below;
- (iii) investment in UK Treasury Bills (T-Bills) and Gilts (conventional and indexed-linked) both fixed and floating rate;
- (iv) investments in UK Government repurchase agreements (“Repos” and “Reverse Repos”);
- (v) investments in UK local authorities;
- (vi) investment in close to maturity AAA-rated corporate bonds and commercial paper backed by UK Government guarantees (fixed and floating rate);
- (vii) investment in supra-national AAA-rated issuer bonds and commercial paper (fixed and floating rate);

- (viii) investment in AAA-rated Sterling Money Market Funds and longer term funds; and
- (ix) investment in commercial paper (“CP”) of UK domiciled entities with minimum short term credit rating of A1/P-1/F-1.

6.4 For 2015/16, it is proposed to remain with these investment criteria as above, as well as add some new investments set out in paragraph 6.5 below. In determining whether to place deposits with any institution or fund, investments will remain within the limits set out above, but the Director of Corporate Finance and Investment will take into account the following relevant matters when proposing how much to invest within the limit set out above:

- (i) the financial position and jurisdiction of the institution;
- (ii) the market pricing of credit default swaps<sup>2</sup> for the institution;
- (iii) any implicit or explicit Government support for the institution;
- (iv) Standard & Poor’s, Moody’s and Fitch’s short and long term credit ratings; and
- (v) core Tier 1 capital ratios<sup>3</sup>.

### **Changes for the 2015/16 Treasury Management Strategy**

6.5 Officers are proposing various changes to the 2015/16 Treasury Strategy, in part to continue to reduce reliance on the Debt Management Office and to provide some flexibility for better investment returns, within the structure of a cautious investment outlook. Continued diversification of investment instrument and counterparty as a way of mitigating risk (while generating some form of return) remains key. There is also uncertainty around the implications of the so-called bank bail-in regulations which are being introduced on a phased basis in some EU countries (including UK) to prevent a future bail out of a financial institution by the relevant Government. Such implications may include what this will mean for bank credit ratings, the perceived (and possibly actual) increase in bank risk for depositors, the timing of any introduction as well as increased market concerns within and between jurisdictions.

6.6 As a result of the developments in the paragraph above, the proposals for 2015/16, while building on the Treasury Management Strategy for 2014/15, make a recommendation for the use of Commercial Paper (CP) for European corporates, Covered Bonds and Certificates of Deposit (CDs) as well as adjusting limits and tenors for existing investment classes. The tenors and minimum credit ratings for the various investment classes are set out in the table 2 above.

### **Commercial Paper issued by European corporates**

6.7 While the Council has invested in CP from UK entities (mainly Network Rail and TfL), there are large globally recognised European companies that issue Sterling CP. The company would need to be domiciled in European countries as set out in

<sup>2</sup> Credit Default Swaps (CDS) are tradeable instruments where the buyer receives a pay-out from the seller if the party to whom the CDS refers (often a financial institution) has a “credit event” (e.g. default, bankruptcy, etc.). The price of the CDS gives an indication to the market’s view of likelihood – the higher the price the more likely the credit event.

<sup>3</sup> The Tier 1 capital ratio is the ratio of a bank’s core equity capital to its total risk-weighted assets (RWA). Risk-weighted assets are the total of all assets held by the bank weighted by credit risk according to a formula determined by the Regulator (usually the country’s central bank). Most central banks follow the Basel Committee on Banking Supervision (BCBS) guidelines in setting formulae for asset risk weights. The Core Tier 1 ratios for the four UK banks that WCC uses are: Barclays: 10.2%, HSBC: 11.2%, Lloyds: 12.0% and RBS: 10.8%.

paragraphs 6.15 – 6.17. Given the current investment return, low risk and further diversification (as well as a continued Sterling investment) such an investment fits within the Council’s approach to investment in recent years. As noted elsewhere in this paper, investment in commercial paper would require minimum short term credit rating of A1/P-1/F-1.

### Covered Bonds

- 6.8 Covered bonds are debt instruments issued by a financial institution, but where security has been granted over a pool of underlying assets (e.g. a pool of mortgage loans or public-sector debt) to which investors have a preferential claim in the event of default. The covered bond issue would be rated by the rating agencies, and while the issuer would be allowed to “swap” some of the underlying collateral, it is up to an independent custodian / agent to validate that what is being taken out of the pool is of no worse status than that being switched in. The issuance of covered bonds enables financial institutions to obtain lower funding in order grant mortgage loans for housing and non-residential property as well as to finance public debt.

### Certificates of deposit

- 6.9 Financial institutions as well as offering loans, also borrow through the issuance of Certificates of Deposit (CD). These are tradeable instruments where the issuer borrows at a set rate for an agreed length of time, before repaying the principal at maturity. CDs tend to have shorter length tenors than bonds, and enable an investor to manage more actively any credit / counterparty exposure, rather than waiting for a fixed term deposit to mature.

### **Proposed changes to investment limits and tenors**

- 6.10 Given investments to date, the shape of the current yield curve, the likely low level of interest rates for the immediate future and the opportunities for investment, it is proposed that limits and tenors of investment are extended for many investment types – both in tenor and / or investment limit.
- 6.11 Such changes would allow the Council to invest in longer maturities and take advantage in any yield pick-up as well as reducing reliance on the banking institutions – at the moment, there is uncertainty on the timing and impact of any introduction of bail-in regulations. It would be prudent for the Council to be able to remove direct reliance on such an asset class without impacting return too severely.
- 6.12 The graph in paragraph 5.4 above shows a steep current and one-year forward yield curve, and that higher returns for tenors up to five years (for a core level of cash) would provide greater returns rather than a shorter investment. Given the predicted rise in interest rates however, the Council while wanting to take advantage of higher rates for longer duration investments will also want to benefit from a rise in rates when they occur rather than locked in to then lower yielding investments.

### **Specified and Non-specified investments**

- 6.13 Under section 15(1) of the Local Government Act 2003, restrictions are placed on Local Authorities around the use of specified and non-specified investments. A specified investment is defined as an investment which satisfies all of the conditions below:

- (i) The investment and any associated cash flows are denominated in sterling;
- (ii) The investment has a maximum maturity of one year
- (iii) The investment is not defined as capital expenditure; and
- (iv) The investment is made with a body or in an investment scheme of high credit quality; or with the UK Government, a UK Local Authority or parish/community council.

6.14 A non-specified investment is any investment that does not meet all the conditions above. The only likely non-specified investment that the Council may make is for any investment greater than one year as set out in the table above. For such an investment, a proposal will be made by the Director of Corporate Finance and Investments, to the s151 Officer after taking into account cash flow requirements, the outlook for short to medium term interest rates and the proposed investment counterparty.

### **Country of Domicile**

6.15 The current TMS allows deposits / investments with financial entities domiciled in the following countries: Australia, Canada, Denmark, Finland, France, Germany, Japan, Luxembourg, Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, UK and USA. This list will remain for 2015/16.

6.16 For Commercial Paper and bonds issued by supra-nationals and European agencies, the entities must be domiciled in countries listed above.

6.17 For Commercial Paper for UK and European corporates, the entities must be domiciled in the EU countries named in paragraph 6.15 above.

### **External managers**

6.18 Apart from the various money market and enhanced money funds, where invested amounts are managed directly by officers, approximately £10 million was placed on longer-term (greater than one year) deposits through Tradition (an advisor / broker used at the time), an intermediary between the banks and potential depositors.

6.19 All other investments are now managed directly by the treasury team on behalf of the City Treasurer who may make use of market intermediaries such as brokers or other advisors as necessary.

## **7. CAPITAL AND BORROWING PLANS (including Treasury Limits, Prudential Indicators 2015/16 – 2017/18 and Related Matters)**

### **Capital Plans**

7.1 The Council's capital expenditure plans are the key driver of treasury management activity. The outputs of the capital expenditure plans are reflected in prudential indicators, which are designed to assist Members overview and confirm capital expenditure plans. These indicators as per the Capital Programme include previous years' actual expenditure, forecast expenditure for this current year and estimates for the next three year period.

7.2 Linked to the above the Council is continuously reviewing the capital programme and its financing in accordance with new and emerging priorities and the current severe financial climate. Both to ensure that it maintains prudent financing of the

programme combined with delivering a programme which is priority driven and which meets the needs of the City

### **Capital Expenditure Estimates**

- 7.3 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The Council is asked to approve the capital expenditure forecasts which align to the capital strategy for 2015/16 onwards as set out in the table below:

**Table 3 – Capital Expenditure Estimates**

£m	2013/14 Actual	2014/15 Forecast	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
HRA	30.02	70.48	89.83	86.85	60.30
General Fund	74.83	118.45	178.66	73.80	103.94
<b>Total</b>	<b>104.85</b>	<b>188.93</b>	<b>268.48</b>	<b>160.65</b>	<b>164.24</b>

- 7.4 Table 4 below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing). The borrowing need for 2015/16 is £76.8m. This will however change if there is a change to the spending profile of the capital programme.

**Table 4 – Funding of the Capital Programme**

£m	2013/14 Actual	2014/15 Forecast	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Capita Receipts	3.79	7.93	39.77	55.95	33.23
Capital Grants	51.83	60.96	87.84	20.82	1.72
Revenue	26.58	58.85	47.76	24.70	27.07
<b>Total</b>	<b>82.20</b>	<b>127.74</b>	<b>175.37</b>	<b>101.47</b>	<b>62.02</b>
<b>Net Financing Need for the Year</b>	<b>22.65</b>	<b>61.19</b>	<b>93.11</b>	<b>59.18</b>	<b>102.22</b>

### **The Council's Borrowing Need (the Capital Financing Requirement)**

- 7.5 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
- 7.6 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.
- 7.7 The CFR includes any other long term liabilities (e.g. Private Finance Initiative (PFI) schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to borrow separately for these schemes. The Council currently has £19.93m of such schemes within the CFR, decreasing to £17.79m in 2015/16. The Council is requested to approve the CFR projections.

**Table 5 – Capital Financing Requirement (CFR)**

£m	2013/14 Actual	2014/15 Forecast	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
HRA	276.12	275.87	278.17	284.37	284.38
General Fund	107.27	114.79	114.84	163.31	262.21

<b>Total</b>	<b>383.39</b>	<b>390.66</b>	<b>393.01</b>	<b>447.68</b>	<b>546.58</b>
<b>Movement in CFR represented by</b>					
Net movement in financing need for the year	12.88	7.27	2.34	54.67	98.90
Additions (net)	22.65	61.19	93.12	59.18	102.22
Less MRP and repayment of debt	(9.77)	(53.91)	(90.77)	(4.50)	(3.32)
<b>Movement in CFR</b>	<b>12.88</b>	<b>7.27</b>	<b>2.35</b>	<b>54.67</b>	<b>98.90</b>

### Affordability Prudential Indicators

7.8 The previous sections cover the overall capital programme and control of borrowing prudential indicators, but within this framework, prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

7.9 The Council is asked to approve the following indicators:

a) Ratio of financing costs to net revenue stream: This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The estimates of financing costs include current commitments and the proposals in this report.

**Table 6 – Ratio of net financing cost to net revenue stream**

£m	2013/14 Actual	2014/15 Forecast	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
<b>Revenue Stream</b>					
HRA	103.16	113.37	118.10	121.44	125.99
General Fund	240.59	225.29	200.60	178.10	166.60
<b>TOTAL</b>	<b>343.75</b>	<b>338.66</b>	<b>318.70</b>	<b>299.54</b>	<b>292.59</b>
<b>Financing Costs</b>					
HRA	12.83	12.97	13.73	14.77	14.77
General Fund	6.29	7.24	7.75	7.75	11.02
<b>TOTAL</b>	<b>19.12</b>	<b>20.21</b>	<b>21.48</b>	<b>22.52</b>	<b>25.79</b>
<b>Ratio (%)</b>					
HRA	12.44	11.44	11.63	12.16	11.72
General Fund	2.62	3.22	3.86	4.35	6.62
<b>Combined Ratio</b>	<b>5.56</b>	<b>5.97</b>	<b>6.74</b>	<b>7.52</b>	<b>8.81</b>

b) Incremental impact of new capital investment decisions on council tax and housing rents: Table 7 shows the effect of the totality of the Council's capital plans currently being considered and shows the impact on Council Tax that would result, holding all other things constant. This indicator should reflect the revenue impact of capital schemes.

**Table 7 – Incremental impact of new capital investment decisions on Council Tax**

£	2013/14 Actual	2014/15 Forecast	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
For Band D Council Tax	Base	7.83	11.99	7.85	34.67
For average weekly Housing Rents	Nil	-0.07	-0.04	-	0.02

7.10 The above calculation is based on Band D equivalent properties, using the approved tax base for 2015/16 of 121,891 properties.



## **Borrowing**

- 7.11 The capital expenditure plans set out in the Council Tax Report provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

### **Treasury Limits for 2015/16 to 2017/18**

- 7.12 The "Prudential Code" as set out by CIPFA (Local Authority Capital Financing Regulations 2003 reg. (2)) requires the Council to determine its authorised limit and operational boundary for external debt for the next three years.

### **Operational Boundary**

- 7.13 The proposed operational boundary for 2014/15 to 2016/17 is set out in Table 8 below. The boundary reflects the maximum anticipated level of external debt consistent with budgets and forecast cash flows, and the Capital Financing Requirement. This boundary will be used as a management tool for on-going monitoring of external debt, and may be breached temporarily due to unusual cash flow movements. Such an event would be reported to the Cabinet Member. However a sustained or regular trend above the operational boundary should trigger a review of both the operational boundary and the authorised limit.

**Table 8 – Operational Boundary**

<b>£m</b>	<b>2013/14 Actual</b>	<b>2014/15 Forecast</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>
<b>Borrowing</b>	283.3	466	496	526	556
<b>Long Term Liabilities</b>	18.0	24	24	24	24
<b>Total</b>	<b>301.3</b>	<b>490</b>	<b>520</b>	<b>550</b>	<b>580</b>

### **Authorised Limit**

- 7.14 A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
- 7.15 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.
- 7.16 Council is asked to approve the following authorised limit:

**Table 9 – Authorised Limit**

£k	2013/14 Actual	2014/15 Forecast	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
<b>Borrowing</b>	283.3	486	516	546	576
<b>Long Term Liabilities</b>	18.0	24	24	24	24
<b>Total</b>	<b>301.3</b>	<b>510</b>	<b>540</b>	<b>570</b>	<b>600</b>

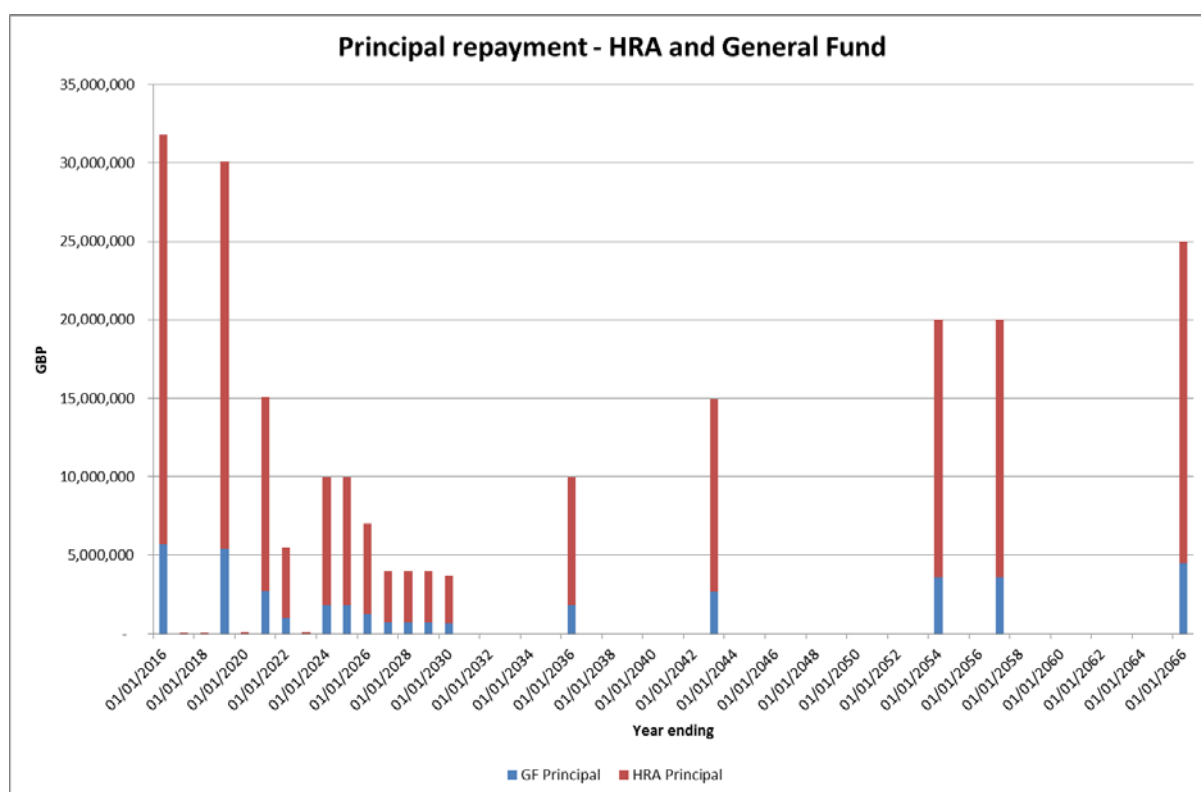
**Public Sector Lending Agencies**

- 7.17 The Public Works Loan Board (PWLB) lending rates are based on the UK Government borrowing rate, and have a margin of 1% over those rates. The graph in paragraph 5.4 shows the current Gilt rates and one-year forward rates. Thus PWLB rates are expected to gradually increase during the year. Rates on loans of less than ten years duration are expected to be substantially lower than longer term PWLB rates offering a range of options for new borrowing which will spread debt maturities away from a concentration in long dated debt. There is likely to be little difference between 25 year and 50 year rates thus loans in the 25-30 year periods could be seen as being more attractive than 50 year borrowing as the difference between the PWLB new borrowing and early repayment rates is considerably less.
- 7.18 Technically, the PWLB is responsible to its commissioners which are notionally considered to be arms-length from the Debt management Office and HM Treasury. However, the government has published legislative proposals to abolish the PWLB commissioners and transfer their functions to another body
- 7.19 Ministers have tabled an amendment to the Infrastructure Bill which would allow them to make an order under the Public Bodies Act 2011 to enact any change. HM Treasury have said that the reform was restricted to governance of the PWLB and would not affect the range of products available to councils.
- 7.20 The Local Government Association has also been instrumental in establishing a Municipal Bond Agency, of which the Council is a founding shareholder. The Agency plans lend to local authorities with funds raised in the capital markets and from other sources. The agency is in the early stages of being set up, and has not yet made any loans or borrowings.

**Borrowing Strategy**

- 7.21 The factors that influence the 2015/16 strategy are:
- The increasing Capital Financing Requirement as per Table 4
  - The interest rate forecasts
  - Aiming to minimise revenue costs to minimise the impact on Council Tax.
  - The impact of the Council's Investment Programme
- 7.22 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the CFR), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high, however as interest rates are low, consideration will be given to taking advantage of this by securing fixed rate funding and reduce the under borrowed position.

- 7.23 Against this background and the risks within the economic forecast, caution will be adopted with the 2015/16 treasury operations. The Treasury Management team will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.
- 7.24 If it were considered that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- 7.25 If it were considered that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.
- 7.26 The gross borrowing requirement in Tables 4 and 5 above show, based on current estimates, that the Council will need to take out a significant amount of new borrowings from 2016/17, to support the capital programme. Any new borrowing taken out will be completed with regard to the limits, indicators and interest rate forecasts set out above.
- 7.27 The chart below shows the principal repayment profile for the Council's current borrowings. Based on current interest rates it is not anticipated that these loans will require refinancing.



- 7.28 The Council has £70 million of LOBO (Lender Option Borrower Option) debt, none of which has final maturity in the near future. Were the lender to exercise their option, Officers will consider accepting the new rate of interest or repaying (with no penalty). Repayment of the LOBO may then require re-financing at the prevailing market rates.

- 7.29 The General Fund has not incurred any new borrowing in the current financial year and has repaid five loans totalling £1.4 million. Given the prevailing low level of interest rates, Officers may consider voluntary early repayment of borrowing as a way of making more efficient use funds in the short term.
- 7.30 The General Fund may increase external borrowing by up to £150 million to assist in the financing of temporary accommodation provision. Any increase in external borrowing will be within the Council's Authorised Limit as set out in this paper.
- 7.31 Members will recall that, from 2017/18, Service Areas will be charged in full for the revenue consequences incurred from borrowing to fund their capital expenditure. This will ensure that the cost of spending decisions are taken into account when considering all programmes of work and will make sure the programme is fully financed on an on-going basis. Based on the current projections, it is estimated that the annual cost of borrowing will be £17.7m by 2020.

### Treasury Management Prudential Indicators – Limits on Activity

- 7.32 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are:
- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
  - Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
  - Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

**Table 10 – Limits on Interest rate exposures**

	2014/15	2015/16	2016/17
<b>Borrowing</b>			
Fixed interest rate exposures	100%	100%	100%
Variable interest rate exposures	50%	50%	50%
<b>Investments</b>			
Fixed interest rate exposures	50%	50%	50%
Variable interest rate exposures	100%	100%	100%

- 7.33 Table 11 below sets out the proposed upper and lower limits on maturity structure of fixed rate debt, for 2015/16. The maturity structure guidance of LOBO's (Lender Option Borrower Option) changed in 2011. As per the Revised Prudential Code 2011, the call date is now deemed to be the maturity date. LOBO's are classed as fixed rate debt until the call date. Within the next 12 months 2015/16 up to 80% of LOBO debt will reach its call date, however it is not anticipated that these loans will be called by the institutions and require refinancing.

**Table 11 – Upper and lower limits on maturity structure of fixed rate debt**

(%)	Upper limit	Lower limit
Under 12 months	40	0
1-2 years	35	0
2-5 years	35	0
5-10 years	50	0
10 years and over	100	35

7.34 Table 12 below sets out the limits of funds that may be invested for more than one year. As at 31 December 2014, the Council had approximately £25 million as an investment for more than one year (in a UK Gilt). Given the proposed strategy, it is likely that the amount on deposit for more than one year will increase in 2015/16.

**Table 12 – Limit on Investments for periods over 364 days**

£ million	2013/14 (actual)	2014/15	2015/16	2016/17	2017/18
Total principal sums invested for more than 364 days	34.6	300	300	300	300

### **Policy on Borrowing in Advance of Need**

- 7.35 The Council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 7.36 Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **Debt Rescheduling**

- 7.37 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
- 7.38 The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
  - helping to fulfil the treasury strategy;
  - enhancing the balance of the portfolio (amending the maturity profile and/or the balance of volatility).

7.39 Consideration will also be given to identifying if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt

## **8. MINIMUM REVENUE PROVISION**

- 8.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (the Regulations) require the Council to approve a Minimum Revenue Provision (MRP) Statement setting out what provision is to be made in the General Fund for the repayment of debt, and how the provision is to be calculated. The purpose of the Statement is to ensure the provision is prudent, allowing the debt to be repaid over a period reasonably commensurate with that over which the capital expenditure benefits.
- 8.2 It is proposed to continue with the MRP Policy as put in place last year where provision uses the Regulatory method for all borrowing prior to 1 April 2008 and the Asset Life method, for borrowing under the Prudential Code from 1st April 2008.
- 8.3 The Asset Life method is calculated using an annual charge, either in equal instalments over the life of the asset, or using an annuity method. A benefit of this alternative is the MRP becomes chargeable either in the year following capital expenditure or in the year the asset comes into service, making some complex capital expenditure schemes more affordable.
- 8.4 Under the Asset Life Method the Council must make an assessment of the life of the asset to which the capital expenditure financed by debt relates. The majority of the Council's capital expenditure relates to infrastructure and buildings assets. It is proposed that a life of 30 years is used for infrastructure assets, 40 years for buildings assets with potential to increase the term for specific assets if the underlying facts lead to a positive rationale. This assessment is based on information contained within the Transportation Asset Management Plan (for infrastructure assets) and a reasonably prudent estimate of the average life of building structures within our property portfolio
- 8.5 There is no statutory requirement to make MRP in respect of HRA borrowing.
- 8.6 The s151 Officer therefore recommends the adoption of the methods listed above for calculating Minimum Revenue Provision for 2015/16. The Minimum Revenue Provision Policy Statement 2015/16 is included in Appendix 3.

## **9. GOVERNANCE**

- 9.1 The revised CIPFA Treasury Management Code requires the Council to outline a scheme of delegation thereby delegating the role of scrutiny of treasury management strategy and policy to a specific named body. In this way treasury management performance and policy setting will be subject to proper scrutiny. The Code also requires that members are provided with adequate skills and training to effectively discharge this function.
- 9.2 The role of the s151 officer has the authority pursuant to Section 101 of the Local Government Act 1972 and by the Executive under Section 15 of the Local Government Act 2000:
- 9.3 The s151 Officer may authorise officers to exercise on his behalf, functions delegated to him. Any decisions taken under this authority shall remain the responsibility of the s151 Officer and must be taken in his name and he shall remain accountable for such decisions.

9.4 The s151 Officer has full delegated powers from the Council and is responsible for the following activities:

- (i) Investment management arrangements and strategy;
- (ii) Borrowing and debt strategy;
- (iii) Monitoring investment activity and performance;
- (iv) Overseeing administrative activities;
- (v) Ensuring compliance with relevant laws and regulations;
- (vi) Provision of guidance to officers and members in exercising delegated powers.

Monitoring and Reporting

9.5 The treasury management activities during the year will be included in monitoring reports to the Housing, Finance & Customer Services Policy and Scrutiny Committee.

9.6 The Council’s Treasury Management Strategy will be approved annually by full Council and there will also be a mid-year report.

9.7 The aim of these reporting arrangements is to ensure that those with responsibility for treasury management appreciate fully the implications of treasury management policies and activities and those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting. The Council will adopt the following reporting arrangements in accordance with the requirements of the revised Code:

<b>Area of Responsibility</b>	<b>Council / Committee / Officer</b>	<b>Frequency</b>
Treasury Management Strategy / MRP Policy	Full Council	Annually, at a meeting before the start of the financial year.
Scrutiny of Treasury Management Strategy	Housing, Finance & Customer Services Policy and Scrutiny Committee	Annually
Treasury Management Strategy – mid-year report	Housing, Finance & Customer Services Policy and Scrutiny Committee	Annually after first half of the financial year
Treasury Management Strategy / MRP Policy – updates/revisions at other times	1. Housing, Finance & Customer Services Policy and Scrutiny Committee; and then via Cabinet Member to 2. Full Council	As and when required
Annual Treasury Outturn Report	1. Housing, Finance & Customer Services Policy and Scrutiny Committee; and then 2. Full Council	Annually, by 30 September following year-end
Treasury Management Practices	City Treasurer	Quarterly
Treasury Management Monitoring Updates	Cabinet Member for Finance and City Treasurer	Monthly

## **10. BACKGROUND AND FINANCIAL AND LEGAL IMPLICATIONS**

- 10.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. These are contained within this report.
- 10.2 The Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Annual Investment Strategy must have regard to guidance issued by CLG and must be agreed by the full Council.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

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## **11. BACKGROUND PAPERS**

Treasury Management Strategy 2014/15 (Approved by Council March 2014)

1. Revised CIPFA Treasury Management Code of Practice 2009
2. Local Authorities (Capital Finance and Accounting) (England) Regulation 2008
3. Section 3 Local Government Act 2003
4. CLG Guidance on Local Government Investments – March 2004



## **APPENDIX 1 - THE TREASURY MANAGEMENT POLICY STATEMENT**

### **INTRODUCTION**

The CIPFA recommendations contained in the Code of Practice and Cross-Sectoral Guidance Notes issued as a revised version in 2009 for Treasury Management in the Public Services require that each Local Authority has a Treasury Management Policy Statement that is approved by the Full Council.

The City of Westminster Council defines its treasury management activities as:

*“The management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.*

The Council regards the prime policy objective of its investment activities as to practice safety and liquidity and to avoid exposing public funds to unnecessary or unquantified risk. The Council views the pursuit of optimum performance from the investment of legitimate surplus funds as a secondary objective.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on risk implications for the organisation.

The Council also acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, always in the context of effective risk management.

### **BACKGROUND**

The Council revenues from its operations, capital receipts together with certain taxes and Government grants. Due to the timing of income and expenditure cashflows, the Council’s cash flows generate balances, which are available for investment. This policy sets out the parameters within which Officers will operate to manage these cash flows in accordance with the Local Government controls applicable from time to time.

### **SCOPE**

This policy will be operated through the s151 Officer (delegated to the Director of Corporate Finance and Investment who will make recommendations to the s151 officer) applied to all parts of Westminster Council. The Council and its subsidiary companies will have no authority to invest or borrow, or enter into credit arrangements, without the written consent of the s151 Officer, taking advice from the Director of Corporate Finance and Investment.

### **RESPONSIBLE OFFICERS**

The s151 officer is responsible for advising the Council on investments, borrowing, and capital financing and also for the establishment and operation of banking arrangements necessary for the Council’s business, as well as ensuring the execution of this policy is consistent with legislation. On an operational basis this will be discharged through the Director of Corporate Finance and Investment making recommendations to the s151 officer.

## **APPENDIX 2**

### **MINIMUM REVENUE PROVISION POLICY STATEMENT 2015/16**

The Council implemented the revised Minimum Revenue Provision (MRP) guidance in 2008/09, and assess its MRP for 2008/09 onwards in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

The major proportion of the MRP for 2012/13 will relate to the more historic debt liability that will continue to be charged at the rate of 4%, in accordance with option 1 (Regulatory Method) of the guidance.

The s151 Officer therefore determines to use option 1 for pre-2008 debt. The determination depends on the most appropriate method of making a prudent provision, after having had regard to the guidance.

Certain expenditure reflected within the debt liability at since 2008 will, under delegated powers, be subject to MRP under option 3 (Asset Life Method), which will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method.

The estimated life of assets will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

The Council reserves the right to revisit its MRP policy during the year as per statutory instrument 414 (2008).



City of Westminster

## Committee Report

<b>Date:</b>	<b>23<sup>rd</sup> February 2015</b>
<b>Classification:</b>	<b>For General Release</b>
<b>Title:</b>	<b>Pay Policy 2015 - 2016</b>
<b>Report of:</b>	<b>Carolyn Beech, Acting Director of Human Resources</b>
<b>Financial Summary:</b>	<b>There are no direct financial implications</b>
<b>Report Author and Contact Details:</b>	<b>Carolyn Beech, Acting Director of Human Resources</b> <b>Tel: 020 7641 3221</b> <b>Email: <a href="mailto:cbeech@westminster.gov.uk">cbeech@westminster.gov.uk</a></b>

### **1. Executive Summary**

- 1.1. The Localism Act 2011 introduced a requirement for Public Authorities to publish a Pay Policy in 2012 – 2013 and annually thereafter. The Pay Policy statement must be published by 31 March 2015 on the council's web site and must be approved formally by full council before publication.
- 1.2. The council must then comply with the Pay Policy for the financial year when making any determinations on pay.
- 1.3. This report sets out the proposed Pay Policy for 2015 - 2016 in line with the requirements of the Localism Act 2011. The Pay Policy for 2015 - 2016 (see Appendix 1) has been amended to include current senior salary figures (p3 *Chief Officer Remuneration*). It has also been updated to reflect new requirements set out in the Local Government Transparency Code 2014. Therefore the pay multiple provided in the Pay Policy is now based on total pay received up to 31<sup>st</sup> December 2014 and not basic pay as in previous years (p5 *Pay Multiple*).

### **2. Recommendation**

- 2.1. That Cabinet recommend the proposed Pay Policy for 2015 - 2016, as set out in Appendix 1, to full council for approval.

### **3. Background**

- 3.1. Section 38 (1) of the Localism Act 2011 required local authorities in England and Wales to produce a Pay Policy in 2012 – 2013 and in every financial year thereafter.
- 3.2. The Pay Policy must include the council's policy for the financial year in relation to:
  - level and elements of remuneration of its Chief Officers such as; remuneration on recruitment, increases and additions to remuneration, use of performance related pay bonuses, termination payments and transparency
  - remuneration of its lowest paid employees
  - the relationship between the remuneration of its Chief Officers and other employees (the pay multiple).
- 3.3. It is up to each Local Authority to determine who its lowest paid employees are but reasons must be given as to why they have been defined as such.
- 3.4. The Pay Policy must be complied with in relation to any determinations on pay.
- 3.5. The proposed Pay Policy for 2015-2016 is set out on Appendix 1. The policy brings together in one statement the council's approach to pay and reward as approved by Cabinet on 27 August 2008 which is detailed in various council policies. The Pay Policy also explains how the council's existing pay policies apply to chief officers.

### **4. Financial Implications**

- 4.1. There are no direct financial implications as a result of setting out the council's Pay Policy.

### **5. Legal Implications**

- 5.1. The proposals in this report comply with the requirements of the Localism Act 2011 and the Local Government Transparency Code 2014.

**If you have any questions about this report, or wish to inspect one of the background papers, please contact: Carolyn Beech, Acting Director of Human Resources**  
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Background Papers: None not previously published.

## APPENDIX 1: Westminster City Council Pay Policy 2015 - 2016

### Introduction

Westminster City Council's (the council) Pay Policy is published in line with the Localism Act 2011, Section 38 (1) which requires all Local Authorities in England and Wales to publish their Pay Policy annually, at the start of each financial year (subject to Cabinet Approval).

The council's Pay Policy was approved by full council 4<sup>th</sup> March 2015 and is published on the council's [website](#). It brings together the council's approach to pay and remuneration<sup>1</sup> which was approved by Cabinet on 27 August 2008 and is detailed in various council policies.

The council seeks to be an Equal Opportunities employer and will heed all relevant employment legislation related to pay and remuneration. This includes but is not limited to the Equality Act (2010) and the Part-time Workers (Prevention of Less Favourable Treatment) Regulations (2000).

The council also publishes salaries of Chief Officers and senior staff earning over £61,320 (FTE) and this is available on the council's [website](#) in line with Local Government Transparency Code 2014.

### Background

The council implemented a Broad Band pay structure in 2008. The purpose of the council's Broad Band pay structure is to provide one simplified pay structure from the top to the bottom of the organisation. The pay structure focuses on rewarding added value and supporting business aims. It does not reward time served in post i.e. there is no guaranteed incremental progression. All progression is based on exceeding performance targets and increased contribution.

The Broad Band pay structure provides clarity and transparency on the levels within the organisation and applies to all staff employed by the council with the exception of: schools support staff (except where the governing body has adopted the broad band structure), JNC Youth Workers, Public Health staff who transferred into the council and Soulbury staff.

The council recognises the need to recruit and retain staff in highly skilled or specialist work areas, where posts are hard to fill. It is accepted that our central London location and the occasional limited availability of quality personnel in certain professions will mean that in some exceptional circumstances it will prove difficult to recruit to key posts on the salary justified for the grade of the post. In such circumstances there may be a genuine

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<sup>1</sup> Excluding some employees in Schools, JNC Youth Workers, Public Health staff that TUPE transferred into the council and Soulbury staff.

requirement to pay an additional payment called a Market Based Salary Supplement which reflects the difference between WCC salary and market pay rates.

### **The Broad Band Pay Structure**

There is one Broad Band pay structure from the top to the bottom of the organisation. There are 7 Broad Bands with pay steps in each band. Band 1 is the lowest and Band 7 is the highest. The band of a post is determined through job evaluation.

The pay levels in the Broad Bands are generally reviewed annually in line with the National Joint Council for Local Government Services (NJC) and the Greater London Provincial Council (GLPC).

### **Definition of Chief Officer**

The term "Chief Officer" for the purposes of this Pay Policy includes the following positions:

- The Chief Executive
- All Executive Management Team (EMT) Directors\*
- All Directors / Deputy Director, Heads of Services (Senior Leadership Team)\*

\*all of whom meet the definition of either Statutory or Non-Statutory Chief Officers or Deputy Chief Officers as specified under Part 1, Section 2 (para's 6 -8) of the Local Government and Housing Act 1989, (LGHA) e.g.

"Non-Statutory Chief Officer" means,

(a) a person for whom the head of the authority's paid service is directly responsible;

(b) a person who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to the head of the authority's paid service; and

(c) any person who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to the local authority themselves or any committee or sub-committee of the authority.

'Deputy Chief Officer' means, subject to the following provisions of this Section, a person who, as respects all or most of the duties of his post, is required to report directly to one or more of the statutory or non-statutory Chief Officers."

For the purposes of this Pay Policy only, managers below Corporate Leadership Team level, who as a result of changes in the structure, now report to a Chief Officer as defined above are not classified as Deputy Chief Officers.

## Pay accountability

### **Salary packages on appointment which exceed £100,000**

All posts including those which exceed a salary package<sup>2</sup> of £100,000 are appointed within a pay band and structure where the principles of reward and remuneration have been previously agreed by full council. Therefore any new appointments are not subject to full council consideration.

### **Severance packages which exceed £100,000**

Following termination of employment, the approval of full council will be sought before offering any package which exceeds more than £100,000 (excluding the capital value of any pension entitlement) where the package involves any payment greater than that to which the employee is contractually entitled or paid in line with the Council's Redundancy Compensation policy.

## Chief Officer Remuneration

### **Chief Executive (Head of Paid Service)**

The Chief Executive is paid a spot salary of £203,378 per annum with an additional 18% of this amount held as deferred salary, which is not guaranteed and will depend on performance. The Chief Executive undertakes the role of Returning Officer, no additional allowance is payable for this role. A Returning Officer **may** recover their charges for services and expenses provided they were necessarily rendered or incurred for the efficient and effective conduct of the election and the total does not exceed the overall maximum recoverable amount specified by the Secretary of State in an order.

### **Posts which exceed a salary package of £100,000**

- Directors (Executive Management Team)  
are paid at Band 7. The basic salary range for Band 7 is £135,773 - £187,320.
- Deputy Directors / Heads of Services (Corporate Leadership Team)  
are paid at Band 6. The basic salary range for Band 6 is £95,997 – £132,583.

These salary figures include 10% “deferred salary”

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<sup>2</sup> Including basic salary and professional fees, PHI and lease car contributions where applicable but excluding pension contributions in accordance with the Local Government Pension Scheme regulations.

## **Deferred salary**

Directors and Deputy Directors/Heads of Service are only paid 90% of the basic salary figures listed above. 10% of the basic salary is deferred. Payment of the deferred salary up to 10% is not guaranteed and will depend on achievement of targets

## **Benefits**

All Chief Officers are entitled to the following benefits:

- Private Health Insurance
- Reimbursement of the payment of one professional membership fee relevant to the proper performance of duties
- Up to £234 per month contribution to contract car hire (not available for any Chief Officer appointment made after 1 December 2011).

There is no cash alternative to the above benefits.

## **Additional Allowances**

All Chief Officers are expected to work such hours as are required for the efficient performance of their duties. There are no other additional elements of remuneration in respect of overtime or premium payments (e.g. bank holiday working, stand by arrangements etc).

There are no additional allowances in respect of the roles of:

Monitoring Officer

Section 151 Officer

## **General Remuneration Principles Applying to Remuneration of Chief Officers and Employees**

### **Recruitment**

On recruitment individuals will be placed on the appropriate step salary within the evaluated grade for the job. In order to recruit high quality staff a relocation package may be offered where necessary and where this would be considered cost effective. When recruiting and appointing to a Chief Officer post, the starting salary offered must be within the target salary and cannot exceed this except in exceptional cases where the Executive Director or Chief Executive has authorised this. Where an interim is required to cover a Chief Officer role, a Temporary Agency Contractor may be engaged in line with the requirements of the Council's Procurement and Contracts Code, rather than the use of a Contract for Services.

### **Broad Band Pay Progression**

There is no automatic time served incremental progression. All progression is based on exceeding performance and increased contribution. Any pay progression cannot exceed the maximum of the relevant band.

The council does not apply performance related pay or bonuses.



## Termination of Employment

On termination of employment with the council, the council's policy applies to all Chief Officers. Individuals will only receive compensation:

- where appropriate and relevant (e.g. redundancy compensation)
- in line with the council's Redundancy and Redundancy Compensation Policy
- which complies with the specific terms of a settlement agreement, which will take into account the council's contractual and legal obligations, the need to manage an exit effectively, risks to the council and the commercial business case.

## Re-employment

The decision to re-employ a previous employee, who has been made redundant by the council (and on termination of employment received a redundancy compensation payment), will be made on merit.

The council will not engage such an individual under a Contract for Services.

## Remuneration of the Lowest Paid Employees

For the purpose of this Pay Policy, employees on Band 1 are defined as the council's lowest paid employees. This is because no employee of the council is paid lower than the bottom Step of Band 1, which is the same as Inner London Spinal Column Point 10. The full time equivalent annual basic salary of this Step is £17,733 and the full time basic salary at the maximum of Band 1 is £24,946. The Chief Executive's basic salary (as at 1<sup>st</sup> January 2015) is £203,378 which is 11.44 times the lowest salary. The council's definition of the lowest paid employee excludes staff based outside London.

## London Living Wage

The council does not have a policy to pay the London Living Wage; though the council's minimum full time equivalent hourly rate of pay to its employees is £9.45. This exceeds the recommended London Living Wage rate.

## Pay Multiple

The Local Government Transparency Code (2014), states that local authorities should publish their pay multiple. This is defined as the ratio between the highest paid salary and the median salary of the workforce.

The council's pay multiple (using total pay<sup>3</sup>) as at 31 December 2014 is 5.97:1; i.e. the Chief Executive, who had the highest total salary as at 31<sup>st</sup> December 2014 (£206,463) earned 5.97 times more than the council's median full time equivalent total salary of £34,572.

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<sup>3</sup> Total pay is the sum of full time equivalent basic salary plus actual amounts received for the reimbursement of professional fees, market based salary supplements, honorariums and shift allowances where claimed up to 31<sup>st</sup> December 2014. Pension contributions are excluded. Total pay for senior management and the Chief Executive also includes deferred salary for the performance year to 31<sup>st</sup> March 2014, where awarded, car lease contributions and the value of Private Health Insurance premiums where claimed. All payments have been made in line with council policy and were pro-rated if applicable.

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