



City of Westminster

Task Group Agenda

Title:

Budget and Performance Task Group

Meeting Date:

Monday 2nd February 2015

Time:

7pm

Venue:

Rooms 1A & 1B - 17th Floor, City Hall

Members:

Councillors:

Tim Mitchell
Antonia Cox
Peter Freeman

Adnan Mohammed
Paul Dimoldenberg



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, Rebecka Steven; Scrutiny Officer.

**Tel: 7641 3095; Email: rsteven@westminster.gov.uk
Corporate Website: 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. 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. HOUSEKEEPING (7PM - 7.05PM) | |
| a) Appointment of Chair | |
| b) Terms of Reference | (Pages 1 - 2) |
| 2. BUDGET 2015/16 | |
| a) Budget Overview - Steve Mair (7.05pm - 7.35pm) | (Pages 3 - 4) |
| b) City Treasurer | (Pages 5 - 12) |
| c) Policy Performance and Communications - Julia Corkey (7.35pm - 7.50pm) | (Pages 13 - 18) |
| d) Corporate and Commercial Services - Jane West (7.50pm - 8.20pm) | (Pages 19 - 24) |
| e) City Management and Communities - Leith Penny (8.20pm - 8.50pm) | (Pages 25 - 30) |

Peter Large
Head of Legal & Democratic Services
28 January 2015

Terms of Reference of the Budget and Performance Task Group

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.”

Members are asked to agree these Terms of Reference for 2015/16 as the first item of business.

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.

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2015/16 Budget - Settlement

The Provisional 2015/16 Finance Settlement was announced on Thursday 18th of December. The most significant element of the Settlement announcement is our **Settlement Funding Assessment** which falls from £176.78m to £151.61m, a drop of £25.2m

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. **NHB allocations** for 2015/16 indicates that our top-slice will be £2.97m for the London LEP Growth Fund

A cut of £310k in Council Tax **New Burdens Funding and Council Tax Support** / Housing Benefit Admin Subsidy

Local Welfare Provision grant funding has been notionally identified as being related to this activity within RSG, this represents a funding cut of circa £800k

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.

Council tax freeze grant will continue in 2015/16 at 1% and the referendum limit remains at 2%



2015/16 Budget – Strategy and Approach

Impact of **settlement** largely as anticipated

Plans in place to also **finance pressures and inflation** (capped), offset by mitigations

Approach has been continuous submission of proposals and review by officers and Members to ensure appropriateness of proposals, rigour and sustainability

Risks will remain with us throughout 2015/16 and will need careful and pro active management

Assumption is very significant further reductions will continue for the foreseeable future which will require further transformational and radical budget proposals

Financial strategy is to:

- Balance recurrent expenditure with estimated income to ensure financial sustainability
- Maintain an appropriate level of reserves
- Risk manage budget estimates
- Investigate funding opportunities that are appropriate for the Council
- Develop financial plans over a medium term of 10 years
- Integrate revenue and capital funding
- Operate to the highest standards of financial management delivering transformational quality and pace

NB – Department budgets will be finalised for the Council meeting on 4th March 2015





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Budget & Performance Task Group City Treasurer

Steven Mair
City Treasurer

Agenda Item 2.2

Executive Summary

The City Treasurers service will deliver in 2015/16:

Major financial savings totalling £4.6M

Transformational improvements in the quality of the financial service including establishing national leading edge standards

A planned programme of continuous improvement and innovation supporting the City Council as a high performing authority



2015/16 Key Issues

£1.1M full-year staffing savings, a 24% reduction in cost

Further budget savings £3.5M: NNDR and Insurance

Delivery of a **balanced 2015/16 budget**

An **enhanced budget process for 2016/17** onwards

2014/15 and beyond Annual Accounts which are the best in the Country, exceeding those of the whole of the Local Government sector and 75% of FTSE100. Acting as the driver for financial standards improvement

A 10 year MTP which is integrated and rigorous to provide a base for long term financial planning;

Comprehensive **financial modelling and advice**



2015/16 Key Issues

A focus on cash, to reduce debtor arrears by a net £5M per annum from 2015/16 and bring about considerable process improvements;

Enhanced Financial Reporting with increased rigour and pace in monthly reporting with timescales;

An improved Business Rate Retention Scheme, improving the Council's financial outcome to move from net loser to net winner;

Comprehensive Staff Training and Development plan, ensuring highest professional and commercial standards

A range of **rigorous financial standards**



City Treasurer Budget

- The key controllable service area budgets for 2014/15 are broken down as follows:

Service Area	Expenditure £M	Income £M	Net Budget £M
Strategic Finance	6.9	(0.1)	6.8
MSP & Tri-Borough	1.5		1.5
TOTAL BUDGET 2014/15			8.3



2015/16 Savings

<i>Key Initiatives</i>	£M
Localised Business Rates Maximisation	(2.0)
NNDR and Insurance	(1.0)
Restructure / Reorganisation of Finance	(1.1)
Council Tax base uplift	(0.5)
TOTAL	(4.6)



2015/16 Estimated Pressures and Mitigation

£M

Estimated Pressures

Top slice New Homes Bonus

1.0

Total

1.0

Mitigations

Planning mitigation estimate

(1.4)

Total

(1.4)



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Budget & Performance Task Group

Policy, Performance & Communications

Julia Corkey

Director of Policy, Performance and Communications

Agenda Item 2.3

Executive Summary

A best in class Policy, Performance and Communications service will:

- Provide meaningful **intelligence** and develop **policies** that drive **effective decision-making**
- Support **transformation** to effectively deliver the councils change and transformation programmes
- Put the **customer** at the heart of everything we do through the use of **digital technology**
- Promote and **capitalise on the commercial** value of the Westminster brand through external trading and city promotions
- Protect and enhance the council's **reputation** for delivering great local services through continual innovation and improvement
- Position the authority as an **international centre of excellence** for City Management and local government



2015/16 Key Issues

- Drive further income to the authority through **advancing commercial opportunities** such as large outdoor media and advertising sites, other advertising opportunities and offsetting costs through sponsorship opportunities.
- Increasing **trading** through external contracts and taking a commercial approach to running events in the City.
- Improving **efficiency** through better designed customer services and digital innovation.
- Driving **efficiencies** across the City Council by improving integrated Policy, Performance and Communications support to the service departments
- Ensure the **best use of resources** by helping the authority to deliver its transformation agenda.



Policy, Performance & Communications Budget

- The key controllable service area budgets for 2014/15 are broken down as follows:

Service Area	Expenditure £M	Income £M	Net Budget £M
Corporate Policy	0.9	0.0	0.9
City Policy	2.9	(1.6)	1.3
Cabinet Secretariat & Members Support	0.5	0.0	0.5
Campaigns & Media	1.3	(0.3)*	1.0
City Promotions (incl. West End Live)	0.6	(0.3)	0.3
CPMU	1.8	0.0	1.8
Customer & Digital	0.9	0.0	0.9
Performance & Evaluation	0.8	0.0	0.8
Special Events	0.7	(0.8)	(0.1)
Voluntary Sector	2.1	0.0	2.1
TOTAL BUDGET 2014/15	12.5	(3.0)	9.5

* This represents the net surplus income from external trading.



2015/16 Savings

<u>Key Initiatives</u>	<u>£M</u>
Customer Programme	(4.5)
Outdoor Media Phase One	(0.8)
Policy, Performance and Communications	(0.5)
Revised Organisational Design	(0.3)
Voluntary and Community Review	(0.1)
Special Events Income	(0.1)
Total	(6.3)



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Budget & Performance Task Group Corporate & Commercial Services

Jane West
Executive Director

Agenda Item 2.4

Executive Summary

The Tri-borough Corporate Services Programme is a key source of savings at £1.8 million

- £0.6m through the shared Legal Services (on track)
- £0.3m through shared Procurement (currently under review)
- £0.2m from Revenues and Benefits (will be delivered through negotiating a contract extension)
- £0.15m from Human Resources
- In addition, better management of the contract arrangements in relation to agency staff is a major contributor to the savings (£0.5m)

The ICT retendering has already been implemented and so £1 million in savings are assured



2015/16 Key Issues

- Progress on Tri-borough Corporate Services is challenging and savings will not be delivered necessarily in the way originally envisaged in Procurement and Revenues and Benefits
- However, there is a high confidence level surrounding these savings



Corporate & Commercial Services Budget

- The key controllable service area budgets for 2014/15 are broken down as follows:

Service Area	Expenditure £M	Income £M	Net Budget £M
Revenue & Benefits	15.4	(12.6)	2.8
Legal & Democratic Services	3.1	(3.4)	(0.3)
Core Human Resources	3.3		3.3
Information Services	11.3		11.3
Strategic Procurement	8.7		8.7
TOTAL BUDGET 2014/15			25.8



2015/16 Savings

<u>Key Initiatives</u>	<u>£M</u>
Tri-borough Corporate Services	(1.8)
ICT Re-procurement	(1.0)
Total	(2.8)



2015/16 Estimated Pressures and Mitigation

	£M
<u>Estimated Pressures</u>	
Individual Electoral Registration Not By Household	0.1
Traded Services Charging	0.1
Total	0.2
<u>Mitigations</u>	(0.0)





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Budget & Performance Task Group City Management & Communities

Leith Penny
Executive Director

Agenda Item 2.5

Executive Summary

- City Management & Communities was allocated an approved budget of £16.6m in 2014/15
- The projected outturn for 2014/15 is £16.0m
- The budget envelope for 2015/16 includes savings proposals amounting to £8.1m and budget pressures of £3.5m



2015/16 Key Issues

- Delivery of the new City Management and Communities Target Operating Model
- Our approach to charging and cost recovery across services
- Delivery of the full year effect of the new Parking Model
- Legislative pressures - Hemmings risk
- Waste Disposal contract re-let and associated financial risk.



City Management & Communities Budget

- The key controllable service area budgets for 2014/15 are broken down as follows:

Service Area	Income £M	Expenditure £M	Net Budget £M
Wards & Neighbourhoods		0.9	0.9
Public Protection & Licensing	(14.4)	25.5	11.1
Highways & Transport	(0.5)	11.5	11.0
Sport, Leisure & Wellbeing	(3.6)	4.5	0.9
Libraries & Culture	(2.8)	9.7	6.9
Parking	(76.7)	23.1	(53.6)
Waste, Parks & Cemeteries	(13.7)	53.0	39.3
TOTAL BUDGET 2014/15	(111.8)	128.4	16.6



2015/16 Savings

Key Initiatives	£M
Transformation & Commercial opportunity	(1.4)
Area-based Working	(1.9)
Discretionary services reduction	(1.1)
Parking Transformation Programme	(1.3)
Sport & Leisure breakeven & Public Health	(0.5)
Freedom Passes	(1.0)
Alternative sources of funding	(0.6)
Other process efficiencies	(0.2)
TOTAL	(8.1)



2015/16 Estimated Pressures and Mitigations

<i>Estimated Pressures</i>	£M
Hemmings impacts	1.2
Waste Contract	1.4
Freedom Passes TfL	0.4
Demand-led budget pressures	0.5
Total	3.5
<i>Mitigations</i>	
Commercial income sources	(1.5)
Other	(0.2)
Total	(1.7)

