



City of Westminster

Committee Agenda

Title: **Cabinet**

Meeting Date: **Monday 13th February, 2023**

Time: **6.30 pm**

Venue: **Room G01, G02, Lisson Grove, Frampton Street**

Members: **Councillors:**

Adam Hug (Chair)	David Boothroyd
Tim Roca	Paul Dimoldenberg
Aicha Less	Liza Begum
Nafsika Butler-Thalassis	Matt Noble
Geoff Barraclough	

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**Email: dbonfanti@westminster.gov.uk
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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 Director of Law in advance of the meeting please.

AGENDA

PART 1 (IN PUBLIC)

1. WELCOME

Chair to welcome Councillors, Officers and members of the public to the meeting, noting any apologies or changes to membership

2. DECLARATIONS OF INTEREST

To receive declarations by Members and Officers of the existence and nature of any pecuniary interests or any other significant interest in matters on this agenda.

3. MINUTES

To approve the minutes of the meeting held on 12th December 2022.

(Pages 5 - 12)

4. ADOPTION OF ANTI-SOCIAL BEHAVIOUR STRATEGY

Report of the Bi-borough Executive Director for Children's Services and the Executive Director of Innovation and Change

(Pages 13 - 106)

5. NORTH PADDINGTON PROGRAMME

Report of the Executive Director of Growth, Planning and Housing

(Pages 107 - 138)

6. PAY POLICY 2023- 2024

Report of the Director of People Services

(Pages 139 - 148)

7. BUSINESS AND FINANCIAL PLANNING 2023/24 TO 2026/27

(Pages 149 - 236)

	Report of the Executive Director of Finance and Resources	
8.	CAPITAL STRATEGY 2023/24 TO 2027/28	(Pages 237 - 276)
	Report of the Executive Director of Finance and Resources	
9.	HOUSING REVENUE ACCOUNT BUSINESS PLAN 2023/24	(Pages 277 - 324)
	Report of the Executive Director of Growth, Planning and Housing and the Executive Director of Finance and Resources	
10.	TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24	(Pages 325 - 360)
	Report of the Executive Director of Finance and Resources	
11.	INTEGRATED INVESTMENT STATEMENT 2023/24	(Pages 361 - 382)
	Report of the Executive Director of Finance and Resources	
12.	ANY OTHER BUSINESS	

Stuart Love
Chief Executive
3 February 2023

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CITY OF WESTMINSTER

MINUTES

Cabinet

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Cabinet** held on **Monday 12th December, 2022**, Room 18.01, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Adam Hug (Chair), Aicha Less (Virtual), Tim Roca, Nafsika Butler-Thalassis, Geoff Barraclough, David Boothroyd, Paul Dimoldenberg, Liza Begum and Matt Noble

Also Present: Stuart Love, Chief Executive, Parveen Akhtar, Director of Law

1. MEMBERSHIP

There were no changes to the membership of Cabinet.

Councillor Less joined the meeting virtually and was therefore unable to vote on the items set before Cabinet this evening.

2. DECLARATIONS OF INTEREST

In respect of Item 5, Universal Free School Meal Offer, Councillor Hug and Councillor Butler-Thalassis declared that they both have children who attend primary school in Westminster who will benefit from the universal free school meals offer.

Councillor Hug and Councillor Butler-Thalassis therefore gave notice that they would excuse themselves from the meeting for Item 5. Councillor Hug directed that Councillor Noble take the chair for this Item.

3. MINUTES

The following minor revisions (emphasised in bold) were made to the minutes dated 17th October 2022, in relation to Item 5 (Priorities for the CIL) before being agreed as a true and correct record of the last meeting:

*Neighbourhood CIL projects **below £250,000** will be decided by the Cabinet Member for Economic Development and Planning, currently Councillor Barraclough. Strategic CIL projects and Neighbourhood CIL projects **above £250,000** will be decided by Cabinet as part of the wider capital programme*

RESOLVED: Councillor Adam Hug, with the consent of the Members present, agreed that the minutes of the meeting held on 17th October 2022, including the revision to the minutes for Item 5 (Priorities for CIL), were a true and correct record of the proceedings.

4 SAFEGUARDING ADULTS EXECUTIVE BOARD ANNUAL REPORT

Councillor Hug welcomed Lousie Butler, Bi borough Head of Adult Safeguarding to speak to the report and noted the absence of Aileen Buckton, Chair of the Adults Safeguarding Executive Board (“the Board”) who sadly could not make the meeting.

Councillor Hug asked that thanks be placed on record to Aileen for the hard and excellent work that she does as Chair and to all those that support the Board.

Councillor Hug invited Councillor Nafsika Butler-Thalassis, Cabinet Member for Adult Social Care, Public Health and Voluntary Community Sector, to speak to the report.

Councillor Butler-Thalassis thanked all officers, members of the board and service users for the huge amount of work undertaken to produce the report, she told Cabinet colleagues that the report reflects the everyday hard work that the team do to support Westminster’s most vulnerable residents.

Councillor Hug invited Bernie Flaherty, Deputy Chief Executive and Bi-Borough Executive Director of Adult Social Care and Public Health to add any further comment.

Cabinet heard that this is the fourth annual report from the Board and that those involved in delivering the report and the overall service have had to adopt new and different ways to listen and engage to ultimately make safeguarding accessible to all. As a result of this our residents are London Ambassadors meaning that they are helping to improve engagement across the city on the issue of Adult Safeguarding.

Bernie told Cabinet that the 2021/22 report reflects an ongoing commitment to evaluate the impact of Covid-19 on safeguarding activity and identify new concerns and challenges which the Board want to respond to.

Councillor Hug invited Lousie Butler to speak to the report.

Louise encouraged Cabinet to [look at the interactive version of the report online](#) as the videos that are included in this version really do give voice to the

safeguarding issues that many face and in addition highlight empower people to take action

Cabinet heard that there was an on-going commitment to exploring opportunities that have come out of COVID. For example, looking at how to make safeguarding accessible to everybody. Cabinet heard that this is not just about language but working with groups like the BAME Help Forum to contact hard to reach communities to explore what safeguarding means to them, and the fears and barriers they have in contacting the service.

Lousie also touched on the vital role of the ambassadors who work hard to engage with communities across the city. Their good work has made them the voice of London and they now provide strategic advice on safeguarding across London and makes Westminster one of the few local authorities who have a strong community voice in this area.

Lousie concluded by informing Cabinet that there is currently an investigation into two fire related deaths in Westminster. The Board is undertaking a partnership response to ensure that events like these are not repeated. The findings of this review will be included in the 2022/23 Safeguarding Adults Executive Board Report.

RESOLVED: Cabinet note the findings of the Board as contained in the 2021/22 report.

5 UNIVERSAL FREE LUNCH OFFER FOR PRIMARY PUPILS IN WESTMINSTER

Report of the Bi-borough Executive Director for Children's Services

Councillor Adam Hug and Councillor Nafsika Butler-Thalassis excused themselves from this item. Councillor Matt Noble took the Chair for this item and invited Councillor Tim Roca to introduce the item as Cabinet Member for Young People, Learning and Leisure.

Cabinet heard that around 31,000 households are particularly at risk from the cost-of-living crisis in Westminster, many of these households are families with young children.

Councillor Roca went on to say that we know families are struggling with the cost of living and that children face going hungry at school as a result. The proposals set out in this report propose free lunches for all Westminster children in Years 3 to 6. This means that from January 2023 all Westminster children attending our primary schools will receive a free, healthy lunch.

Councillor Noble invited Sarah Newman, Bi-borough Executive Director of Children's Services to speak to the report. Sarah told Cabinet that eligibility for FSM as set by the government is low (see section 5.2 of the report which sets out eligibility criteria) with many people currently finding themselves just above the existing threshold for FSM. Attainment and attendance are affected by food insecurity. Attendance figures have slipped through COVID and are

not where we want them to be. This proposal is encouraging and schools are very much in favour and appreciative of the decision

Councillor Noble invited comments from Cabinet.

Councillor Paul Dimoldenberg told Cabinet colleagues that he was very much in favour of this decision and has already had positive feedback from residents and other stakeholders following the announcement that Westminster would provide FSM to all primary school children. In particular, he had received a message from one constituent to say how much this supports her and her family. Councillor Dimoldenberg concluded by saying that although this is a direct benefit for young children it also indirectly benefits parents as well who may have foregone food to provide for their children.

Councillor Noble told Cabinet that he had recently visited West London Synagogue and children there had asked what the Council is doing to support FSM and he was able to respond with good news, this decision supports our children and will have a positive impact on their wellbeing.

RESOLVED – CABINET APPROVED THE RECCOMENDATIONS SET OUT IN SECTION 3, PAGE 56.

6 COST OF LIVING SUPPORT

Report of the Executive Director for Innovation and Change

Councillor Hug invited Pedro Wrobel, Executive Director for Innovation and Change to speak to this report.

We know many of our residents continue to face a very difficult winter. Given the cold weather predicted for the coming weekend the Council has seen a significant uptake in our Winter In The City. Venues such as the Abbey Centre reported they were full and there has been a doubling of online engagement regarding the scheme.

Councillor Hug thanked all officers involved, saying that the support set out in the report isn't the totality of what has been provided. Winter In The City has leveraged benefits in kind from venues across the city and the responsible business team is working to encourage stakeholders and partners to support the Cost-of-Living crisis.

Councillor Hug invited Cabinet to come forward with any comments.

Councillor David Boothroyd told Cabinet colleagues that they needed to be candid, saying that while they would look to support all residents over the winter constraints on resources mean we cannot.

Councillor Boothroyd went on to say that Cabinet would not be excused if they had resources available and failed to deploy them. The support outlined in the report has been carefully modelled to reach those that need it most, including through the use of direct payments which are the best way to reach people,

while energy vouchers will combat one of the worst impacts of the Cost-of-Living crisis.

Councillor Boothroyd raised an error in the reporting the Equality Impact Assessment (EQIA), this will be corrected and an updated EQIA will be provided.

Councillor Geoff Barraclough thanked his colleagues for bringing both this decision and the previous decision on Free School Meals forward, saying it will make a marked difference to the lives of Westminster residents.

Councillor Hug concluded by saying that this action was needed because Cabinet feel that adequate support has not been brought forward by Central Government to combat the scope and scale of the challenge and that he and his Cabinet colleagues will continue to work with officers to take a prudent and measured approach in how they provide support to combat the Cost-of-Living crisis.

RESOLVED: CABINET APPROVED THE RECOMMENDATIONS AS SET OUT IN SECTION 2, PAGE 72

7 COUNCIL TAX DISCOUNTS (INCLUDING COUNCIL TAX LOCAL REDUCTION SCHEME) AND COUNCIL TAX BASE REPORT
Report of the Executive Director for Finance and Resources

Councillor Boothroyd introduced this report which sought Cabinet's approval to bring forward a series of recommendations on the setting of Council Tax and associated discounts for 2023/2024 to Council in January 2023.

Cabinet heard that the report had two main elements. The first element being a straightforward confirmation of how many properties at which bands there are in Westminster. The second element centres around those discretionary discounts and premiums that the Council may wish to grant or impose on some properties. Councillor Boothroyd confirmed that a full Council Tax Relief scheme that gives 100 per cent support to low-income households will be retained.

Cabinet heard that care leavers and those flooded out of their properties will also benefit from Council Tax relief. The premium imposed on long term empty homes will continue as a deterrent to leaving property empty during a housing crisis.

Councillor Boothroyd drew Cabinet's attention to two contingencies within the report which would allow the long-term empty properties premium to come in slightly earlier as well as an additional premium on second homes should legislation allow it. These provisions are currently before Parliament as part of the Regeneration and Levelling Up Bill. Cabinet heard that these premiums would be imposed at the earliest opportunity if the City Council was given the power to do so.

Councillor Hug invited Gerald Almeroth, the Executive Director of Finance and Resources to provide any additional comments. Cabinet heard that the tax base as calculated has seen an increase of 0.67 %, this is equivalent to the number of additional properties in the borough. The budget assumes an increase of 1% therefore the growth of the tax base is slightly below expectations but this is not surprising given the effects of the pandemic and cost-of-living-crisis.

Councillor Hug concluded by saying that in addition to Councillor Boothroyd's comments around the long-term empty properties premium the Council has recruited an Empty Homes Officer who will be starting shortly.

RESOLVED: CABINET APPROVED THE RECOMMENDATIONS SET OUT IN SECTION 2, PAGE 97

8 FEES AND CHARGES REVIEW

Report of the Executive Director for Finance and Resources

Councillor Boothroyd told Cabinet that this is an omnibus report that presents the recommended fees and charges for a wide range of council services for the following year (2023).

Cabinet heard that the income provided through fees and charges revenue is considerably more than that raised through Council Tax and in some instances sees the Council in competition with other service providers therefore thought needs to be given when setting fees and charges to ensure they provide an optimum income while not excluding residents from accessing services. This is a particular concern this year as inflationary pressures are forcing some fees up but were possible the Council wants to keep fees for healthy activities down in light of the cost-of-living crisis.

Councillor Hug invited Gerald Almeroth, Executive Director for Finance and Resources to comment on the report.

Gerald explained to Cabinet that cost increases have been based on the September CPI figure (10.1%). On average, the fees which the council has discretion to set have increased by 6%, though some have been set below that because of policy considerations or where the fees aren't related to fee recovery.

Councillor Hug invited comment from Cabinet.

Councillor Barraclough told Cabinet that fees for planning applications and building control services are going up quite sharply. Cabinet heard that this increase is due to the significant fall in the level of major planning applications received by the Council and while minor applications are running at a high level it is those fees levied against major planning applications that help maintain planning staff.

In order to maintain a good service, fees for major applications will increase, this still represents good value for money when you consider the benefit of building in Westminster and the associated land values. The increased fees will be similar to those charged by other inner London authorities like the City of London Corporation and Camden Council. Planning fees in Westminster have not been increased for some years and Councillor Barraclough sought to assure Cabinet that we maintain a good service for the money that we charge

RESOLVED: CABINET APPROVED THE RECOMMENDATIONS SET OUT IN SECTION 2, PAGE 112

9 RESPONSIBLE COMMISSIONING & PROCUREMENT STRATEGY

Report of the Executive Director of Finance and Resources

Councillor Hug invited Councillor Boothroyd to introduce this report.

Councillor Boothroyd told Cabinet that how the council works with local business is crucial to making a positive change for local communities. In everything it does the Council must work to protect vulnerable people, protect the environment and help build the local economy. The most direct impact the Council has on businesses is when procuring goods and services.

Cabinet heard that this suite of documents helps to promote community wealth building, to deliver social value and promote high standards of conduct.

Councillor Boothroyd went on to thank Councillor Ellie Ormsby, Deputy Cabinet Member for Procurement and Finance for working with officers to bring forward these documents which include the first ever modern slavery statement from the City of Westminster.

In seeking more responsible procurement we have always been mindful that in most cases the most responsible suppliers with the best environmental and social approach will be local businesses based in our diverse city. We have been careful therefore not to add to their difficulties in running a business by setting an onerous compliance regime.

Councillor Hug invited Gerald Almeroth, Executive Director for Finance and Resources to comment on the report.

Gerald explained that the Council did have a previous Responsible Procurement Strategy that was set in February under the previous administration and that the aim in bringing forward this new strategy was to move it on to encapsulate Fairer Westminster objectives.

Cabinet heard that this year, the minimum RPC weighting was increased from 5% to between 10-20%, depending on the nature of the contract. Gerald told Cabinet that progress on this will be reviewed and continue to be evaluated

with the intention of working towards an increase of a minimum 20-30% by 2025/26. The strategy will be updated to include this intention and a copy of the revised strategy will be made available on-line with the papers for this meeting.

Councillor Hug asked that aside from working to communicate the detail of the strategy to business thought is also given as to how we include this work in wider communications on changes being made as a result of Fairer Westminster ambitions.

Councillor Barraclough told Cabinet colleagues that he warmly welcomed this new strategy and that he agrees with the approach taken by Councillor Boothroyd in cutting down on bureaucracy to encourage small businesses to take up public sector contracts.

RESOLVED: CABINET APPROVED THE RECOMMENDATIONS SET OUT IN SECTION 2, PAGE 173

10 CAPITAL BUDGET RE-PROFILING & BUDGET CHANGES 2022/23

Report of the Executive Director of Finance and Resources

Councillor Hug invited Councillor Boothroyd to introduce this report.

Cabinet heard that this report reflects changes made by the new administration to the inherited capital programme to align it with the priorities set out in Fairer Westminster. It also takes into account some major capital schemes reprofiling spend into later years largely due to circumstances out with the Council's control.

A revised Capital Programme will form part of the budget considerations next year this report acts as an interim statement until then.

RESOLVED: CABINET APPROVED THE RECOMMENDATIONS SET OUT IN SECTION 2, PAGE 242

The Meeting ended



City of Westminster

Cabinet Report

Meeting:	Cabinet
Date:	13 February 2023
Classification:	General Release
Title:	The Council's New Anti-Social Behaviour Strategy
Wards Affected:	All Wards
Fairer Westminster:	Fairer Communities and Fairer Housing
Key Decision:	Yes
Financial Summary:	There are no financial impacts associated with this report
Report of:	Bi-borough Executive Director Children's Services Executive Director Innovation and Change

1. Executive Summary

- 1.1 As part of the Fairer Westminster Strategy, Westminster City Council is committed to building Fairer Communities where our city is a safe place, all discrimination is tackled, and everyone feels welcome. Westminster has some of the highest rates of Anti-Social Behaviour (ASB) in London so tackling ASB is a key element to building Fairer Communities.
- 1.2 The Council has developed its first ASB Strategy ("the Strategy") to set out our approach to tackling ASB. The Strategy has been developed with residents and victims of ASB at its core, utilising a coordinated community response approach that sets out how we can all tackle ASB.
- 1.3 Following adoption of the Strategy a multi-agency working group with key partners will be established to develop an action plan to implement the Strategy.

2.0 Recommendations

- 2.1 That Cabinet approve the Anti-Social Behaviour Strategy.

3.0 Reasons for decision

3.1 The Council has committed to building safer communities. A comprehensive, data driven strategy is required to tackle ASB within Westminster due to its complex nature and impact on communities, businesses, and visitors to the city. ASB also forms a key element of the Fairer Westminster Strategy under the commitment to ensure the city is a safe place.

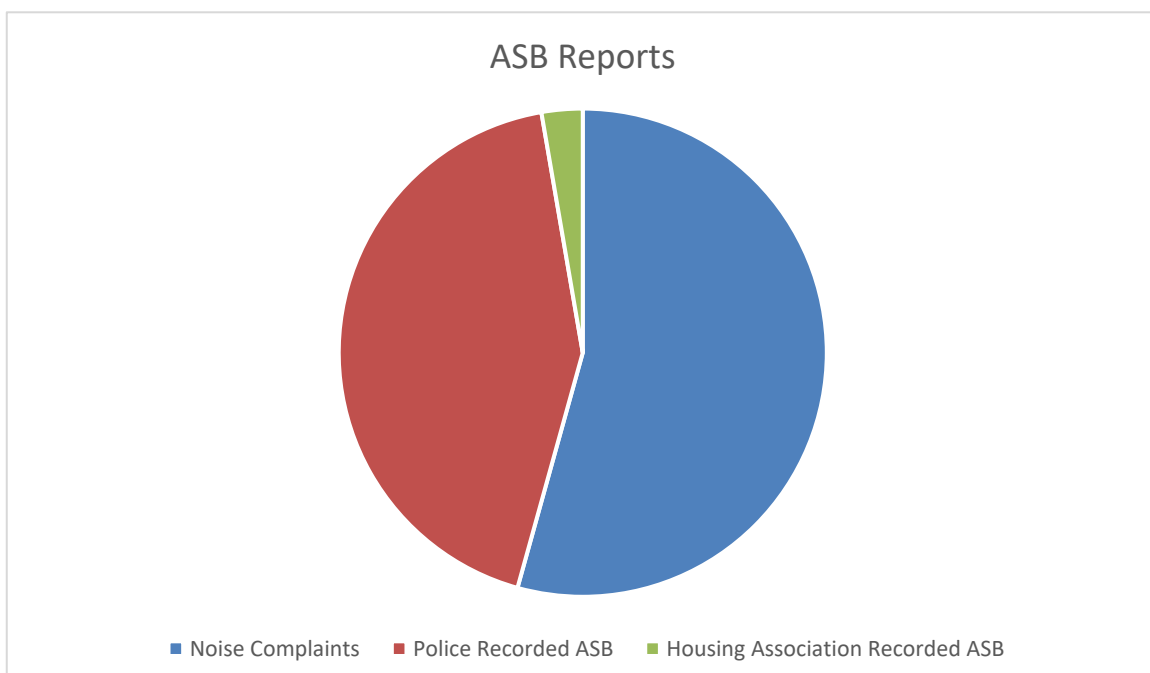
4 Background

4.1 Anti-Social Behaviour is defined in the Anti-Social Behaviour, Crime and Policing Act 2014 as:

- (a) conduct that has caused, or is likely to cause, **harassment, alarm, or distress**, to any person,
- (b) conduct capable of causing **nuisance or annoyance** to a person in relation to that person's occupation of residential premises, or
- (c) conduct capable of causing housing-related nuisance or annoyance to any person

4.2 It is difficult to get a clear picture of ASB in Westminster, due to its ambiguous definition and the variety of mechanisms used to record and report it. What is clear is that it is widespread across the borough in varying forms. The highest volumes of ASB are in the West End often linked to begging, rough sleeping and drugs. More residential based ASB is concentrated in social housing and often linked to verbal abuse, noise and drugs.

4.3 ASB can be reported in a variety of ways. In Westminster it can be reported to the police, via the relevant Housing Association or noise and environmental complaints can be made to the council. Each agency records data in different



defined categories. Collating data from all of these systems is challenging and therefore is difficult to obtain an accurate picture of ASB in Westminster. Below is the number of reports received between October 2021 and September 2022.

- 4.4 A full data picture can be found in the Safer Westminster Partnership Strategic Assessment which is summarised in the ASB Strategy.
- 4.5 As a Responsible Authority of the Safer Westminster Partnership (SWP), the Council has a statutory duty to address ASB. The Government's Beating Crime Plan requires local authorities to ensure greater partnership working to drive down ASB and for the powers under the Anti-social Behaviour, Crime and Policing Act 2014 to be used swiftly and appropriately. All Community Safety Partnerships are required by the Metropolitan Police Service (MPS) to have ASB as a local priority. These are both reflected in the Mayor's Policing and Crime plan.
- 4.6 The Government's Anti-Social Behaviour Strategic Board developed a set of principles to establish a consistent approach to understanding and addressing ASB in local communities with the aim of delivering the best possible outcomes for victims of ASB. The principles incorporate encouraging victims to report ASB, be taken seriously and have the opportunity to choose restorative approaches to tackling ASB. The council is already delivering in line with this model, and the strategy further embeds this into practice. The Mayor's Office for Policing and Crime has also established an ASB Forum to share best practice.

5 Developing the Strategy

- 5.1 The Council delivers a holistic ASB case management model involving multiple internal and external teams across the borough. An internal workshop was held in September 2021 to collate the widest range of insights, ideas, initiatives, challenges, and partnerships in preventing and delivering ASB services in the community. A core group of officers across Public Protection and Licensing, Housing, Policy, Adults and Children's, NHS and Police, convened to attend the workshop.
- 5.2 The workshop identified the following key objectives to help provide a framework for the emerging strategy:
 - Prevention
 - Early Intervention
 - Victim Support
 - Bringing Perpetrators to Justice
 - Community Engagement
- 5.3 Following the workshop, extensive engagement took place with partners, residents and businesses. The aim of this engagement was to ensure that residents and victims concerns and priorities were reflected in the strategy. We engaged with over 50 victims of ASB through workshops in the early development stage to ensure that the strategy will be victim led with their priorities and needs at the core of the Council's approach to tackling ASB.
- 5.4 Through targeted workshops and survey's, we have also engaged with:

- **Residents:** Amenity Societies, Resident Associations, Registered Social Landlords
 - **Youth:** Youth Hubs, Westminster Youth Council, Youth Crime Prevention Partnership
 - **Mental Health and Social Care:** Mental Health Teams, Drug and Alcohol services
 - **Metropolitan Police teams**
 - **Voluntary and Community Organisations**
 - **Businesses:** BIDs, SWBN, Small Businesses
- 5.5 The feedback from this engagement was that the five pillars of the strategy resonate with partners and residents. Stakeholders wanted to see in the strategy:
- increased communication and partnership working with agencies,
 - greater accountability from RSL's,
 - increased efforts by the Council to use restorative justice,
 - improved data and intelligence sharing

6 Consultation

- 6.1 When developing the Strategy the Council made a commitment that victims, residents', businesses and partners voices would be heard, to ensure the Strategy reflects local needs and is built up from the aspirations and experiences of local communities. Following the work outlined above to develop the draft strategy, the Council undertook a full consultation to ensure all key stakeholders were able to feedback on our strategy.
- 6.2 On the 17th October 2022, the Council began its consultation on the ASB Strategy. The consultation ran for eight weeks and included
- 10 workshops
 - 2 surveys (1 general and 1 easy read)
 - Canvassing at 4 market stalls
 - Presenting and gathering feedback at strategic boards.
 - Promotion through media channels and the Council's and partners' networks.
- 6.3 The Council provided an on-line survey and easy read version for the duration of the consultation period to ensure residents, partners, businesses, voluntary community sector organisations and professionals working to tackle ASB were able to feedback on the strategy.
- 6.4 The consultation on the ASB Strategy asked a number of questions on our strategic priorities. The general survey used a Likert scale to capture quantitative feedback with a text box under each question to gather more qualitative feedback. The easy read version distinguished only between agreement and disagreement with our strategic objectives, with a text box under each to gather written feedback.

- 6.5 The consultation also gathered input from key stakeholders on the impact of our proposed strategy on groups with protected characteristics, thus informing our Equality Impact Assessment.
- 6.6 A total of 62 completed survey responses were received, and over 80 practitioners and stakeholders took place in workshops covering the following topics and groups:
- Westminster Housing, Church St. ASB team, Libraries and Public Protection and Licensing teams
 - Youth Crime Prevention Partnership, Local Safeguarding Children Board, Safer Westminster Partnership, Early Help Strategic Board, West End Crime Strategic Group, Safeguarding Adults Executive Board
 - Westminster Faith Exchange
 - Youth Council
 - Registered Social Landlords
 - Residents
 - Mental Health, Drugs and Alcohol and Youth Hubs practitioners
 - Safeguarding Adults Ambassadors and Advocacy Project partners
- 6.7 Certain responses refer more to the general issue of anti-social behaviour, providing more operationally based details, and it should be understood that not every comment is a direct response to the strategy's content. Officers have reviewed these responses, and where appropriate these have been brought forward for consideration within the action plan.
- 6.8 Of the 62 completed survey responses we received, there was an overall high level of agreement with the strategy. Most respondents agreed with the principles proposed in the strategy
- Prevention - 77%
 - Early Intervention – 75%
 - Victim Support – 71%
 - Bringing Perpetrators to Justice – 73%
 - Community Engagement – 80%

7.0 Policy Approach Following Consultation Response

- 7.1 A full list of amendments to the strategy based upon feedback received from stakeholders can be found in **Appendix 2**. Key changes the Council has made to the strategy are set out below.

Data

- 7.2 Stakeholders were concerned that the strategy did not reflect or represent the current picture of ASB within Westminster. The 'Local Picture' within the consultation strategy draft, was based upon data from the 2020-2021 Strategic Assessment which was the most up to date data available when the consultation was launched. The data from the latest Safer Westminster Partnership Strategic Assessment (2021-2022) has been incorporated into the Strategy.

Victim support

- 7.3 Feedback emphasized that victims should be cared for during and after the judicial process, while ensuring that perpetrators are also not able to commit offences. The Victim Support pillar recognises the importance of continuous improvements, best practice, and organisational competence. The strategic action plan will look to develop our and partner agency victim care responses alongside the charity 'Victim Support' to develop specialist training for internal and external case management partners, ensuring a trauma informed best practice model is delivered from the start of a victim's journey to its conclusion.

Link with mental health

- 7.4 Stakeholders referenced the absence of the link between ASB and mental health within this strategy. Community Trigger data from October 2021 – September 2022 shows Mental health was identified as an issue in 21% of the cases reviewed for either the complainant or alleged perpetrator. The Council ensures a holistic approach to ASB case management considering all vulnerabilities that may present in a person regardless of their status, incorporating appropriate support strategies within the case action plan. If a person is deemed to have capacity, we will hold the person accountable for their actions. This has also now been reflected in the definition of rehabilitation utilised within the strategy.

Enforcement as a tool for prevention

- 7.5 Feedback suggested that we should utilise enforcement as a tool for prevention, dependent on that it was carried out by all agencies in a visible manner. The strategy now reflects that potential enforcement consequences can be used as a deterrence, thus preventing ASB.

Identifying Individuals that have had court action against them as a result of their ASB

- 7.6 Whilst it is understood that the sharing of information across agencies can be useful in addressing ASB, a resident partner raised concerns that identifying individuals that have a court sanction made against them as a result of their ASB may also serve to isolate and cause the victimisation of those individuals identified.
- 7.7 Westminster City Council will only identify individuals that have had a court sanction made against them as a result of their anti-social behaviour, where appropriate and where the law allows. Any Judgment or Order made 'in public' is a public document and automatically available to the public. The general rule is that all hearings are in public, subject to the court's discretion to order a hearing to be held in private.
- 7.8 The need to identify court sanctions to the public / victims is considered on a case-by-case basis by the partnership agencies involved in the case management of the person; agencies can include Police, NHS, Social Care, Housing alongside Westminster City Council. The decision around suitability to identify someone will involve reviewing such things as is the identification of the

court sanction in the public interest, or outweighed by the risk posed to the individual, their vulnerabilities, the necessity to monitor breaches of orders for effective enforcement. The decision is made prior to the court sanction being granted.

- 7.9 When court order applications are made, Westminster City Council considers the types of control measures required to prevent further anti-social behaviour, as well as incorporating positive conditions built around the individual's vulnerabilities, aiding their rehabilitation.

Resident Focus

- 7.10 There was comment from BIDs, businesses and one teacher that the Strategy was generally resident focused, with a lack of recognition that ASB occurs within businesses and on high streets. The strategy quite rightly focuses on our communities but has been amended to reflect that businesses are part of our community and the impact that ASB has on businesses in Westminster.

Partnership working and data sharing

- 7.11 Linked to data sharing and partnership working, stakeholders sought to understand if the Council has the capacity to intervene early and promptly. We acknowledge that resources are stretched across all agencies, however, smarter intelligence led working, sharing, and using data effectively will enable the correct agency to intervene in a swift and meaningful manner as detailed within Early Intervention.
- 7.12 The Council is in constant communication with police teams locally and regionally ensuring the effective use and distribution of resources. We work closely with the government, the Home Office and the Mayor's Office for Policing and Crime securing necessary funding for the delivery of vital services in tackling ASB. Despite current fiscal restraints placed upon Local Authorities, tackling ASB remains at the top of the current administration's priorities for the borough. In addition to identifying funding routes, the Council actively lobbies for improvements to legislation and the Judicial system to effectively bring perpetrators to justice.
- 7.13 Practitioners also highlighted the need to increase partnership working across different scenarios from Short Term Lets to the CAMHS/Mental Health Services/ASC work, as well as between Westminster Housing and ASC, and BIDs. The strategy prioritises partnership working across all forms of ASB, focussing on behaviours and not the settings or circumstances that they are conducted in.
- 7.14 There was an additional acknowledgement from stakeholders that there is a requirement to work across Local Authority borders when tackling ASB. The strategy now reflects this, and recognizes that All partners work collaboratively, across agencies and where necessary, neighbouring boroughs, prioritising the swift disruption of anti-social and criminal behaviours, using all available tools and powers in the collective to protect our communities.

- 7.15 Some stakeholders called for increased data sharing among partners, including BIDs and businesses. Both the Metropolitan Police Services' Business Information Agreement and ASB Information Sharing Agreement are being finalized to provide further opportunity to meet this objective

Definitions

- 7.16 Clarification was needed on the inclusion of 'hate crime' within the strategy. As this is a strategy relating to ASB, we will only focus on ASB. Given the broad definition of ASB, we acknowledge that people have different tolerances and thresholds. A few examples of issues that our communities have experienced and reported as ASB include drug dealing, discriminative behaviour (hate crime) and vandalism (criminal damage). These are criminal in nature and need to be addressed by the Police. We will work closely with the Police and partners to prioritise disruption of these types of behaviours, ensuring that all available tools and powers are being used together to protect our communities.

Awareness

- 7.17 Within the feedback, there were suggestions around the use of social media, easy read versions and newsletters. The strategy has now bolstered its commitment to ensure that Agencies working to tackle ASB will utilise all forms and platforms of communication, guaranteeing the information is easily accessible and culturally appropriate, to ensure communities are aware of the issues and agency responses within their neighbourhoods, clear on how they can help contribute to resolving the ASB.

8. Legal Implications

- 8.1 As outlined in paragraph 4.5 of the report and as a partner authority of the Safer Westminster Partnership (SWP), the Council has a statutory duty to address anti-social behaviour in the City and all Community Safety Partnerships are required to have plans to address anti-social behaviour as a local priority.
- 8.2 As outlined in Section 6 of the report, consultation has taken place on the Strategy since October 2022 and the outcome of the consultation is detailed in Section 7 and also how the Strategy has reflected that feedback has been summarised in Appendix 2.

9 Financial Implications

- 9.1 As a result of the introduction of the Strategy, there will be no direct financial implications to the council.

10 Carbon Impact

- 10.1 There is a no carbon impact as a result of this report.

11 Equalities Impact Assessment

- 11.1 The Council, when taking decisions in relation to any of its functions, must

comply with its public sector equality duty as set out in section 149 of the Equality Act 2010 in relation to persons who have protected characteristics.

- 11.2 Equality and diversity is not a parallel process or something to think about once a year. It is a fundamental part of improving services for everyone. It is nothing to do with ticking boxes or bureaucracy, and everything to do with making Westminster a place where anyone can be happy to live or work. It is central to delivering high quality customer services in the heart of London. We identify and actively address inequality, where evidence shows that it exists.
- 11.3 Where the gender of the alleged perpetrator of ASB was known, the large majority (79%) were male.
- 11.4 Communities will be empowered to report ASB, thus potentially identifying more perpetrators. However, under this strategy perpetrators will receive appropriate support through services such as mental health/ Drug & alcohol.
- 11.5 Whilst holding people to account for their behaviour is vital, we need to ensure that where appropriate we provide support to perpetrators to allow them to change their behaviour and become a positive member of society. Agencies must address any underlying issues that contribute to the offending in the first place, otherwise behaviours will continue and ASB will perpetuate.
- 11.6 There is a distinct link between ASB and mental health. Community Trigger data from October 2021 – September 2022 shows that mental health was an issue in 21% of the cases reviewed for either the complainant or alleged perpetrator. The Mayor's Office for Crime and Policing also found that repeat ASB victims were more than three times as likely to have a mental health Disability.
- 11.7 The increased focus on bringing perpetrators to justice will likely have a negative impact on this group. Given the prevalence of a mental health dimension within ASB cases, it's important that measures are put in place to recognise this. This impact will be mitigated by focusing on improved referral pathways for perpetrators of ASB with better access to mental health support services and better support for victims. Mental Health services will be a key part of the development of the action plan.

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

Mr. Wayne Chance-McKay, Head of City Operations
Email: wcmckay@westminster.gov.uk

APPENDICES

Appendix 1 – Westminster City Council Anti-Social Behaviour Strategy
Appendix 2 – Consultation amendments
Appendix 3 – Equalities Impact Assessment

BACKGROUND PAPERS:

N/A

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City of Westminster

CONSULTATION
OCTOBER – DECEMBER 2022

WESTMINSTER CITY COUNCIL ANTI- SOCIAL BEHAVIOUR STRATEGY

OUR 5-YEAR STRATEGY FOR A
COORDINATED COMMUNITY
RESPONSE TO ANTI-SOCIAL
BEHAVIOUR



HOLD FOR FOREWARD

Contents

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3. The Local Picture
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 - 5.5 **Objective 5:** Engaging with our Communities
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7. **Appendix 1:** How to report anti-social behaviour
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12. **Appendix 6:** Related WCC Strategies

1. Introduction

Anti-social Behaviour (ASB) is not trivial. It is a damaging and unacceptable set of behaviours that can have detrimental and lifelong effects on its victims. Westminster City Council stands against any and every form of anti-social behaviour.

No one organisation can end ASB alone. Although the Safer Westminster Partnership will take a strategic overview of ASB, we will take a place-based approach, calling on all of our partners and our communities to address ASB and its root causes.

Addressing ASB requires a multi-agency approach in order to deal with it and the council works continually with the police, housing providers, commissioned services, and communities in order to prevent, reduce and enforce against ASB.

This strategy focusses on behaviours and not the settings or circumstances in which they are conducted. ASB can involve young people, adults, homeless people and can occur within both residential and business environments. Our strategy is designed to impact ASB no matter where it takes place and by whom.

Westminster has some of the highest levels of ASB in London. This is why we have produced this strategy alongside partners, victims, businesses, and residents to: tackle the causes of ASB, intervene in any ASB, support the victims of ASB, bring those who commit ASB to justice and involve our communities in shaping the way we tackle ASB.

This strategy has been developed with the help of partners, residents, and businesses (including Business Improvement Districts) across Westminster through a series of workshops and surveys. The feedback that these stakeholders have provided has shaped our objectives so that they reflect the desires of partners, residents, and businesses to tackle anti-social behaviour, in all its forms in Westminster.

Anyone who lives and/or works in Westminster understands that the City's vibrancy, size and dynamism inevitably leads to a certain level of noise. Westminster is undeniably busy, and people's lives are unavoidably intertwined. But the hustle and bustle does not excuse ASB in any form. Westminster City Council will continue to do everything in its power to minimise ASB.

Supporting those that have been impacted by ASB is and will always be a priority for the council.

2. What is anti-social behaviour?

The legal definition of anti-social behaviour is:

- (a) conduct that has caused, or is likely to cause, **harassment**, **alarm**, or **distress**, to any person,
- (b) conduct capable of causing **nuisance** or **annoyance** to a person in relation to that person's occupation of residential premises, or
- (c) conduct capable of causing housing-related nuisance or annoyance to any person

ASB, Crime & Policing Act 2014

- **Harassment** is aggressive pressure or intimidation of an individual. E.g., being verbally abused
- **Alarm** is anxious awareness of danger / makes (someone) feel frightened, disturbed or in danger
- **Distress** is extreme anxiety, sorrow, or pain / causing (someone) the feelings of anxiety, sorrow, or pain
- **Nuisance** is something or someone that annoys or causes trouble for someone
- **Annoyance** is the feeling of being slightly angry

Given the broad definition of ASB, we acknowledge that people have different tolerances and thresholds. Below are a few examples of issues that our communities have experienced and reported as ASB. Drug Dealing, Discriminative Behaviour (Hate Crime) and Vandalism (criminal damage) are criminal in nature and needs to be addressed by the Police.

We will work closely with the Police and partners to prioritise disruption of these types of behaviours, ensuring that all available tools and powers are being used together to protect our communities.

Drug misuse and dealing	Discriminative behaviour/ hostile acts	Vandalism and damage to property	Setting off fireworks late at night
Alcohol Related nuisance	Misuse of communal/ public space	Litter, Rubbish and Fly-tipping	Rowdy and noisy behaviour
Vehicle Nuisance	Public Nuisance related to licensed premises	Garden Nuisance	Pets and Animal Nuisance

Under this Strategy, Westminster City Council **prioritises** the following high-risk behaviours for immediate response:

Definition

1. Behaviour that presents a risk of serious harm to individuals or the peace of the neighbourhood, which may include violence, serious threats of violence or other criminal activity.
2. Any complaint where there have been previous incidents and it appears to the case officer that a greater risk has developed or may be developing.

This definition includes:

- Hostility towards a person's race, sex or ethnicity, sexual orientation, disability, religion or belief, or transgender identity
- Physical violence and threats of harm, including to Council officers and contractors
- Child or adult safeguarding including modern slavery and cuckooing
- Serious harassment, intimidation, and threatening behaviour

Westminster City Council will also **prioritise** the following behaviours that may not require immediate action to be taken.

Definition:

1. Behaviour that presents a risk to public health or nuisance.

This definition includes:

- Untidy gardens that may harbour vermin or present a public health risk.
- Litter, incorrect refuse disposal from domestic and commercial properties, fly tipping and dog fouling
- Running a business that negatively impacts on the neighbourhood such as irresponsible holiday lettings or on-street car maintenance
- Nuisance from vehicles such as pedicabs, fast food and other deliveries
- Inconveniently or illegally parked vehicles including dock less bikes and unmotorised pedicabs.

Residents hearing noise from nearby properties is inevitable, whether it is a baby crying, lawn mowing, household DIY, loud talking, flushing toilets or the occasional argument. The Council **will not** investigate reasonable everyday behaviours under this strategy.

3. The Local Picture

Summary

It is difficult to get a clear picture of ASB in Westminster, due its ambiguous definition and the variety of mechanisms used to record and report it. What is clear is it is widespread across the borough in varying forms. Highest volumes are in the West End often linked to begging, homelessness, and drugs. More residential based ASB is concentrated in social housing and often linked to verbal abuse, noise, and drugs.

It impacts hugely on the lives of those who encounter it, and often is an indicator of problems in the lives of those who commit it which, if not addressed positively, can result in criminality and damaged life prospects. Some of the biggest risk factors are substance misuse and mental health.

Repeat victimisation and repeat offending is a key driver to ASB and processes need to be in place to quickly identify and respond to this.

Nb. The Local Picture is based on data collated from October 2021 – September 2022, for the purpose of the Safer Westminster Partnership Strategic Assessment 2023.

Westminster has the some of the highest rates of Anti-Social Behaviour in London. This is based on data from the Mayor's Office for Crime and Policing (MOPAC) on ASB within London, which is the most consistent data set for comparison. This is demonstrated by the graph below.

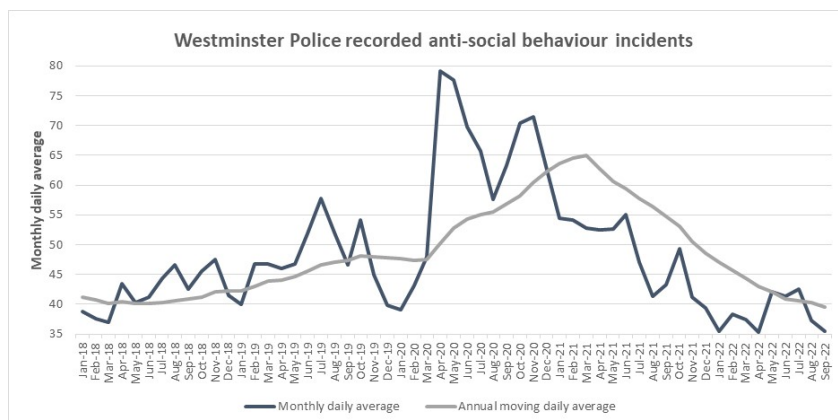
*Updated figures to be designed into bar chart

Borough	ASB Calls (rate per 1,000 population)
Westminster	57.29
Tower Hamlets	45.28
RBKC	38.28
Camden	37.86
Islington	35.84
Hammersmith and Fulham	33.41
Haringey	32.77
Lambeth	32.59
Hackney	32.58
Brent	30.59

Graph A: Number of ASB calls made to the police broken down by Greater London boroughs (October 2022)

Data collection for ASB is recorded by different agencies and may reflect the roles and remit of the collecting organisation, ranging from incidents to ongoing case management. ASB data provided by, for example, social landlords will have differences from that derived from calls to the police in both source, capture and purpose.

Many issues raised as concerns by members of the public are not always either well reported or well captured by volume or case management ASB data systems. The picture of ASB will therefore remain questionable in relation to volumes and severity of issues across data sets and reporting mechanisms.



Police ASB

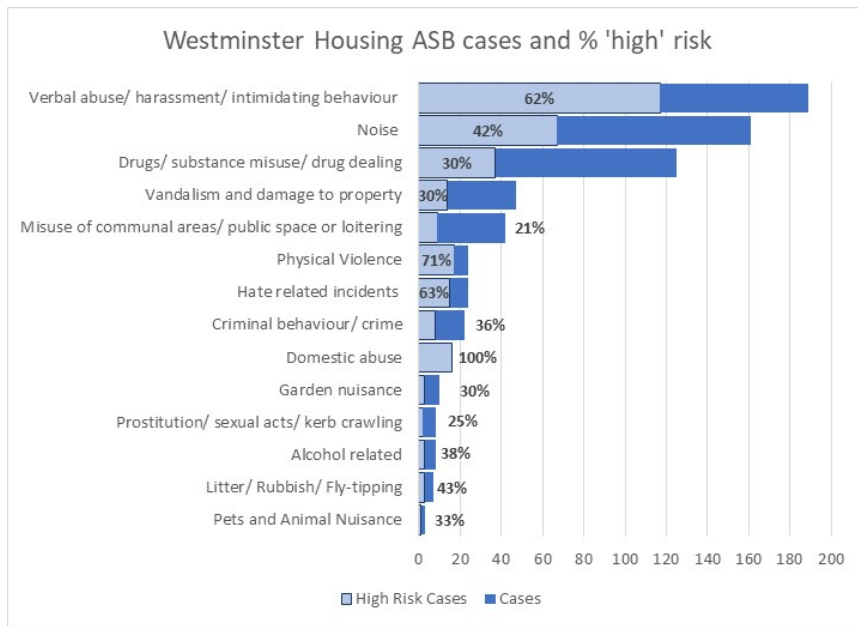
Over the year 2021-2022 there were 14,242 incidents of ASB recorded by the police in Westminster. That is **on average 39 incidents of ASB a day**.

Police recorded ASB incidents increased significantly over the covid period. Since the end of restrictions incidents have plummeted towards the lowest levels recorded since 2013. Westminster accounts for 6% of all recorded ASB across the MPS.

Housing ASB

Registered social landlords (RSLs) have a legal obligation to enforce on tenancy and civil matters. In Westminster, there are 16,000 housing units managed by approximately 40 Residential Housing Providers. About 15,000 of these units are social housing, representing 25% of all housing stock in Westminster.

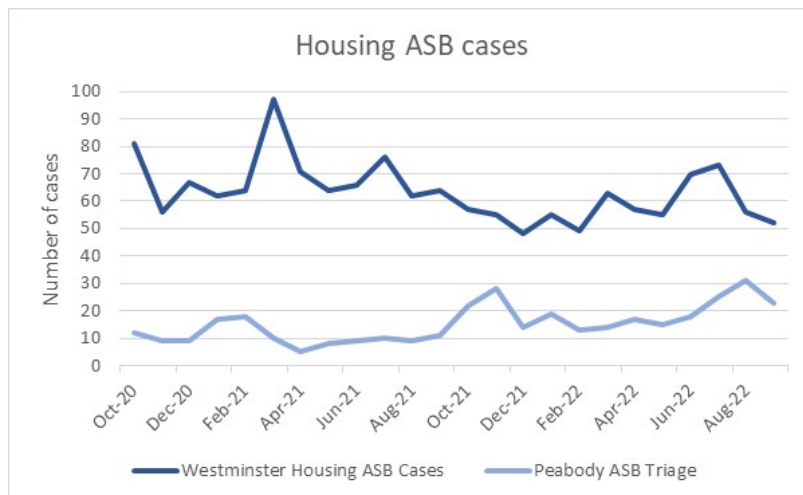
Westminster Housing, who manage Westminster Council's housing stock, recorded 686 ASB cases between October 2021 and September 2022, a 17% reduction on the 830 in the previous period. Within the same period Peabody Housing recorded 61 cases and triaged 239, compared to 95 and 127 respectively in the previous period. Octavia Housing recorded 18 cases within the same period.



The most ASB cases

commonly categorised by Westminster were verbal

Housing abuse and threatening behaviour (28%), Noise (24%) and drugs/dealing (18%). Of note many of these incidents have descriptions associated with crime rather than ASB.



46% of Housing

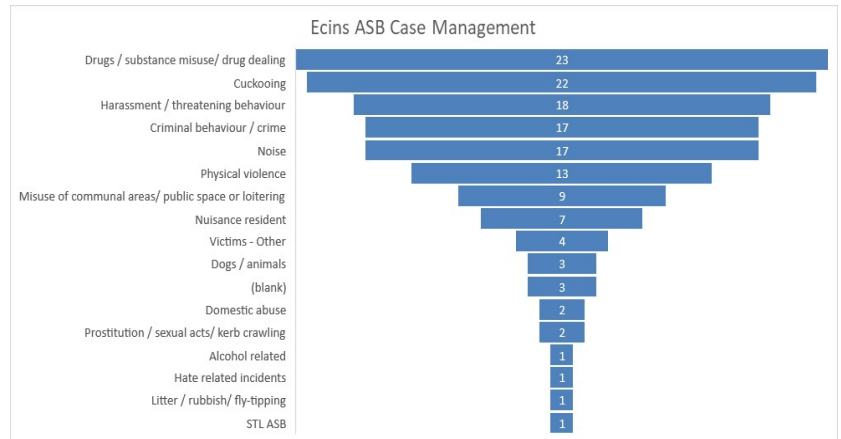
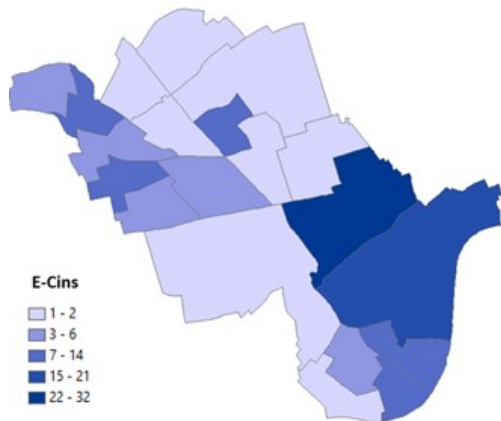
Approximately Westminster cases were

deemed 'high' risk. Enforcement action occurred more often where cases were categorised as higher

risk (60%) and where there were repeat incidents. The most common ASB categories seeing enforcement actions were drugs/dealing, misuse of communal spaces, noise, physical violence and verbal abuse and harassment. Most interventions involved offering mediation (58%), followed by issuing a notice of seeking possession (20%).

The location of housing association related ASB cases is strongly correlated with the location of their housing stock, i.e., in the northwest and south of the borough. These are also the areas of highest deprivation in the borough and are strongly linked with issues of youth violence.

Nearly half (49%) of cases were identified as involving repeat victims and 57% by repeat

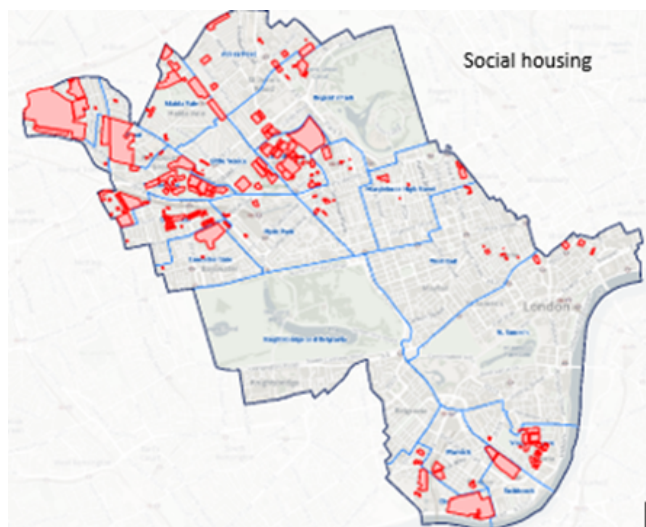
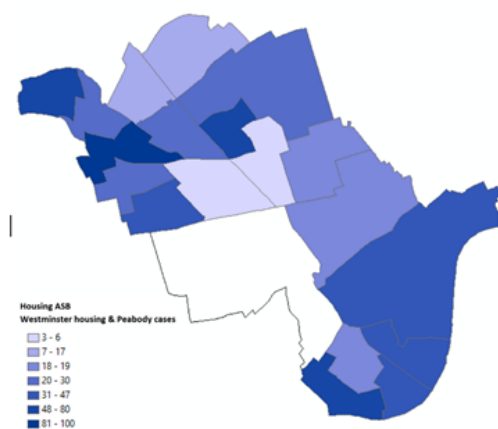


perpetrators. 33% of all cases were recorded as having a repeat victim and a repeat perpetrator. 18% of the whole ASB case data involved the same people in repeat incidents. Repeat victimisation and repeat offending in housing ASB is clear and a major driver of volume ASB.

Council recorded ASB

Agencies normally refer cases into the Council when they are medium or high risk and complex for partnership case management. The map below shows the location of these cases with West End (22%)

Housing ASB – Westminster housing and Peabody cases – old wards



and St James's accounting for The chart category of three classified as (16%),



(15%) wards the majority.

above right shows the cases referred. The top categories were drug/substance misuse cuckooing (15%) and

harassment/threats/abusive behaviour (14%) prior to investigation.

42% of ASB referrals received involved Social Landlords. All referrals can be divided into two broad types, linked to either housing or street based. Housing related ASB mainly relates to noise, neighbour disputes etc and street-based links to disorder mainly drug and alcohol related and the street population.

Analysis of the closed cases from the previous year (Sept 2020-Dec 2021) showed a number of interactions with other services. 40% of cases had links to adult social care, 22% had a link to a children's services team and 26% mental health. Despite the high level of cases linked to substance misuse only 4% were known to substance misuse services.

Data reflecting partnership problem solving focus at ward level shows the most common issues as youth related ASB (13%), misuse of communal areas and public space (11%) and aggressive begging (10%).

In the 'commercial areas' of the West End issues emerge, relating to 'pedicabs,' aggressive begging, drugs and substance misuse, prostitution and kerb crawling, and rough sleeping associated ASB such as 'Tent cities.' 'Residential' areas have more cases relating to noise and misuse of public and communal spaces, but also drug related ASB.

Noise

Westminster City Council operates a 24/7 noise service receiving complaints for further investigation. These complaints relate to a wide variety of noise related issues ranging from building sites and construction noise, deliveries and collections from commercial premises, traffic noise, domestic machinery to noisy neighbours and residential disputes. Noise complaints do contain complaints relating to reasonable noise therefore not all noise complaints can be considered as ASB.

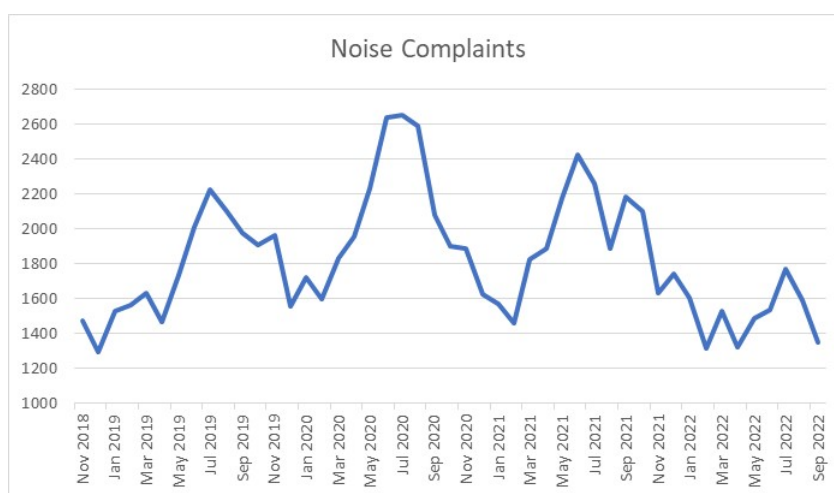
Over the review period approximately 18,000 noise complaints were made. 45% were about residential noise, 19% noise in the street and 17% from commercial premises. Noise complaints have been steadily falling since covid, particularly for residential noise complaints.

50% of all residential noise complaints are repeat addresses (3 or more complaints). There were 88 residential addresses with ten or more noise complaints, which represents 20% of all residential noise and five addresses receiving over 50 complaints each.

Community

One of the approaches to deal with persistent Community process. If has reported incident more times six-month this could Community

the Local Authority. This is a multi-agency case review, designed to ensure persistent ASB is resolved for the victim.

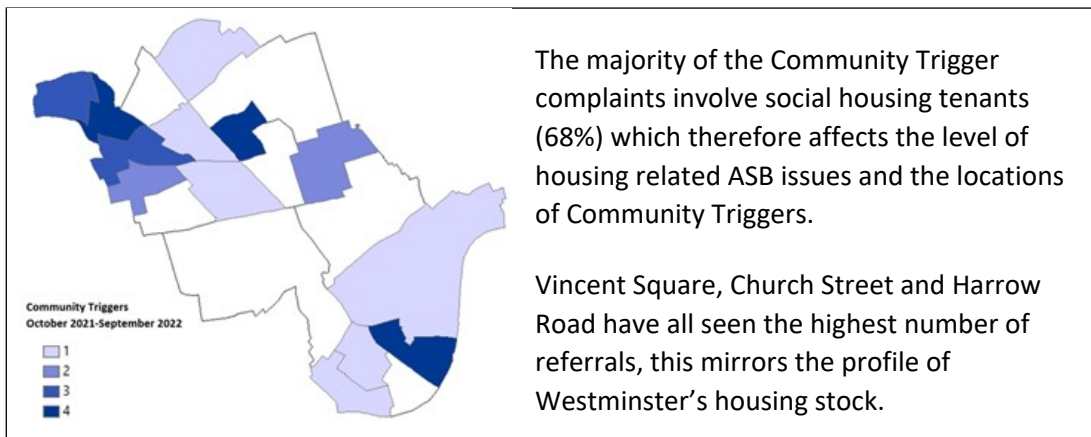


Trigger

designed ongoing ASB is the Trigger someone an three or within a period, activate a Trigger via

Over the period of October 2021 to September 2022 there were 39 Community Trigger applications, of which 28 were taken to review. Nearly half of the Community Triggers reviewed refer to incidents stretching over two years, with complaints regarding ongoing noise issues being the most common, followed by hate incidents and harassment/abuse/threatening behaviour. Cases often involve ongoing neighbour disputes encompassing both noise and harassment or involving ASB related to drug use and dealing.

Mental health was identified as an issue in 21% of cases reviewed for either the complainant or alleged perpetrator.



4. Our Approach

4.1 Coordinated Community Response

Westminster takes a Coordinated Community Response (CCR) to tackling ASB, which asks everyone to play their part. It requires us not only to respond appropriately within our own agencies, but also to work together with other organisations. During a victim of ASB's journey, the chances are high that they will encounter multiple different agencies. Each one holds a piece of the puzzle and by responding appropriately and working together we can ensure the victim does not fall through the gaps.



Figure 1 – example showing some of the different agencies which can work together to provide support

4.2 – The Ecological Model

For the CCR to be successful, everyone needs to work together at an individual, community, professional and societal level. This is called the ecological model and the diagram below shows how these levels are connected and dependent on each other.

The societal level includes the wider regional, national, and international response; both to ASB itself and the laws, legislation and policies which play a part in addressing ASB. Whilst this strategy is designed for Westminster, we are aware of the influence society has on us and the influence we may be able to have on it.

For the Our Objectives section below, we have included an ecological model for each objective to show the actions individuals, communities, professionals, and society can take to help reach the shared goal.



Short on time? Find out which parts are most relevant for you below!



Individual?
Resident
Visitor
General public

What is anti-social behaviour?	XX
Our Approach	XX
Prevention	XX
Early Intervention	XX
Victim Support	XX
Perpetrators Brought to Justice	XX
Engaging the Community	XX
How to Report ASB	XX



Community?
Faith Groups
Community and
voluntary
organisations
Education

What is anti-social behaviour?	XX
Our Approach	XX
Prevention	XX
Early Intervention	XX
Victim Support	XX
Perpetrators Brought to Justice	XX
Engaging the Community	XX



Professional?
Business
Law enforcement
Healthcare
Local authority
Charities

What is anti-social behaviour?	XX
Our Approach	XX
Prevention	XX
Early Intervention	XX
Victim Support	XX
Perpetrators Brought to Justice	XX
How to Report ASB	XX
Glossary	XX
Related Strategies	XX



Society?
Local, national and
international law
and policy makers

What is anti-social behaviour?	XX
Our Approach	XX
Prevention	XX
Early Intervention	XX
Victim Support	XX
Perpetrators Brought to Justice	XX
Engaging the Community	XX

5. OUR OBJECTIVES

Our objectives have been designed with victims, residents, and businesses through series of workshops and reflect desires of our key stakeholders to tackle anti-social behaviour, in all its forms in Westminster. This will ensure that residents, businesses, and visitors can live, work and visit feeling safe and free from the negative impacts of anti-social behaviour.



5.1 Objective 1: Prevention

Anti-social behaviour can affect anyone. ASB can have a devastating impact upon individuals and communities. Visible, engaged, and effective services working with empowered people and cohesive communities that promote healthy behaviours reduce opportunities for anti-social behaviour to occur.

Prevention is not solely for any one group to achieve; it is everyone's responsibility. We can all work together by investing in the fabric of the community; through exercising inclusivity, inspiring communities, supporting families, providing greater youth provision and increasing the visibility of our officers.. Our Community Response is designed to do just that.

When discussing how we can prevent anti-social behaviour, residents felt that intergenerational integration within communities and positive role models fostered greater understanding and respect of different lifestyles. They stressed the need for agencies to take a whole-systems approach, whereby poverty, lack of activities and opportunities linked to disadvantage are tackled. Our victims of ASB also recommended increasing awareness of what anti-social behaviour is.

They also recommended that there is a need to understand what services are available to them and that agencies should promote these widely as a deterrent. They also told us that it is important that communities and perpetrators need to understand the consequences of such behaviour.

High Street shops, retailers and businesses, especially smaller shops are often victims of ASB. When a business experiences ASB, the impact can almost always be felt by the surrounding community with increased prices, raised premiums on their insurance and underinvestment from business in the locality.

Importantly, healthy communities require safe environments to flourish in. Effectively designed, considered, and managed environments will help prevent our open spaces and estates from becoming attractive places to commit anti-social behaviour.

By prioritising Prevention as a key objective, we are asking everyone to actively invest in their community to combat ASB. We need to focus on reinforcing positive behaviour and ensure that people are aware of the impact and potential enforcement consequences of being involved in anti-social behaviour. We need to work to strengthen our communities and improve the environment, creating safe places whilst also making people feel supported and empowered to deal with ASB affecting their area.

What does Prevention look like?	What difference will it make?
<p>Know the signs: Everyone knows what ASB is and what is not acceptable within their community, knowing how to respectfully challenge, where to report and what actions could be taken.</p>	<p>Unacceptable behaviour will be stopped before it can escalate.</p> <p>Perpetrators will find it harder to offend and will be held to account.</p> <p>Communities will have the strength and knowledge to support our joint efforts to reduce ASB.</p>
<p>Community Cohesion: Everyone is treated equally with dignity and respect. Different lifestyles are respected, tolerated, and celebrated. Information and advice is easily accessible, culturally tailored and Communities are invested in, and role models are championed so people feel supported throughout their lives.</p>	<p>Communities will be empowered, supporting each other and those more vulnerable than themselves.</p> <p>Role models will reinforce to communities what is acceptable behaviour.</p>
<p>Healthy environment: Agencies seek to do everything possible to create safe environments without compromising public amenities.</p> <p>Agencies collaborate to address and reduce concentrations of problematic Licensed premises; Licence holders are aware of their</p>	<p>It will be harder for perpetrators to find vulnerable areas within our neighbourhoods to commit ASB without being identified.</p> <p>Neighbourhoods will be safe, healthier, attractive, and enjoyable places where</p>

legal responsibilities to prevent crime and disorder within and around their venues.	our communities can live, work, and relax in harmony with each other.
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What our communities tell us:

- *"People being selfish and inconsiderate towards others is a real problem, plus they may be quite ignorant of what constitutes anti-social behaviour and its effects on others"*
- *"People don't realise the effect they are causing on other people. Not all of this is mental health - some people just enjoy being a nuisance"*
- *"Awareness should begin in the family where they need to understand the needs and sensitivities to others. There may be some cultural differences and not all families are themselves functional, so schools need to teach good behaviour and not tolerate bullying and bad behaviour..... Social pressure and encouraging attractive amusing signage help discourage and encourage"*
- *"Dialogue between older generations and younger people. Integration, people who are in the local neighbourhood, they could reach out to residents to have dialogue, not blaming the youngsters all the time."*

How can we all play our part in the CCR?

<p>Individual Individuals change the dialogue of their neighbourhoods, promoting respect and dignity within their actions. Acceptable behaviour is reinforced.</p>	<ul style="list-style-type: none"> • Understand what anti-social behaviour is and where to get help • Being mindful of the impact of behaviour on others • Become a role model, personify the positive behaviours expected in your neighbourhood and openly demonstrate and promote these
<p>Community Communities are interconnected, understanding, and celebrating differences. Neighbourhoods are safe and healthy places to live within.</p>	<p>In addition to the Individual recommendations:</p> <ul style="list-style-type: none"> • Promote neighbourhood groups and events, making them inclusive to everyone • Take time to support vulnerable neighbours and friends, advocating on their behalf if required
<p>Professional Organisations invest in neighbourhoods. The built environment is considered and well designed.</p>	<ul style="list-style-type: none"> • Promote and implement community initiatives and diversionary activities within your organisation. Recognise the importance of mentorship and role

	<p>models to ensure our future generations flourish with a positive outlook, wider life skills and opportunities</p> <ul style="list-style-type: none"> • Licensed premises conditions will be managed effectively to reduce the likelihood of ASB by ensuring that licence holders are aware of their legal responsibilities to prevent crime and disorder • Agencies will work with families through schools, educational establishments, and social services to highlight the damage that ASB can cause • Businesses will take swift action towards those who are exhibiting ASB, providing evidence and statements to support agencies in taking enforcement action.
<p>Society People are considered equal; needs are met, and vulnerabilities supported. The environment is considered and well managed.</p>	<ul style="list-style-type: none"> • Address long term socio-economic inequalities, ensuring a fairer distribution of opportunity • Invest in social care resources, recognising the role of mental health & well-being, enabling individuals' stability and growth • Consideration for ASB prevention as mandatory during the Planning phase of any new builds and public space developments

Case Study: Autumn Nights

Over 150 teams within Westminster including the Council, Police, Landlords, NHS, Schools, Justice services and charities regularly share intelligence and resources to help support our residents and communities in tackling anti-social behaviour.

One of the biggest joint agency action plans across the year focusses on Autumn Nights, where firework related disorder and arson can have devastating consequences. The current approach was borne from such an event, which saw between 50-100 youths congregating in a cul de sac, firing rockets at police officers, police cars, members of the public and traffic on the public highway. A total of three police officers were injured, two police cars and two civilian cars put out of service and 25 arson attacks on Westminster Housing bin chambers.

Across the following year, residential engagement groups were held within the ward; support services provided action plans for 33 identified youths, combining behavioural parameters alongside family interventions; Parenting and young person workshops were delivered in the locality; diversionary activities and youth provision were increased; schools included firework safety within their curriculums and commercial suppliers of fireworks and knives within the City were reviewed and subjected to strict monitoring and enforcement measures where appropriate.

This joint activity resulted in:

- a quiet Autumn Nights period in the locality without any notable incidents to address
- a city-wide decrease of 56% of firework related calls to the Police across the same period as the previous year
- a city-wide decrease of 9% of calls to Police relating to rowdy or inconsiderate behaviour or noise
- a decrease of 34% of reports of criminal damage in the locality

5.2 Objective 2: Early Intervention

We understand the importance of addressing anti-social behaviour as early as possible. On many occasions successful resolutions occur before behaviours escalates, without the need for further involvement of other agencies. It is vital that people feel empowered and supported to address their differences amicably and respectfully in the first instance. If the behaviour does continue, our communities must feel confident that when reporting it, swift action will be taken to resolve the issues.

When discussing early intervention, victims expressed concern at the perceived lack of urgency, joined up working and bureaucracy they experienced once they had reported anti-social behaviour. They wanted a better response to their reports of ASB. Often, victims shared instances where they felt that the quick, firm action taken by authorities had delivered a positive outcome and reduced the issues that they had been suffering.

Agencies must be competent in their approach and their multi-agency working. How agencies intervene, ensuring swift and effective working across boundaries to identify, assess and tackle ASB, is key in responding to the difficulties that communities and individuals face.

Referral pathways must be developed in a way that makes the experience as seamless as possible for victims and other users. It is vital that the right services are engaged in these pathways. Issues such as mental health have a significant effect on likelihood and impact of ASB, these services must be built into the prevention of ASB.

It is essential that all agency data and intelligence about ASB is effectively managed, assessed and shared so that we can recognise patterns of behaviour and repeat perpetrators. Our early interventions need to be delivered in partnership to address the root causes of the behaviour. Ultimately, agencies and communities need to hold

perpetrators to account with robust enforcement when all efforts to problem solve issues are exhausted.

What does Early Intervention look like?	What difference will it make?
<p>Organisational Competence:</p> <p>All agencies work collaboratively, ensuring a model of joint case-management, shared intelligence, and best practice to resolve the issue in a timely manner before the behaviour escalates.</p>	<p>Victims will know what to report and to who, reducing the trauma they experience through re-living events that have impacted them.</p> <p>All victims will be guaranteed the same level of response and support regardless of tenure or type of anti-social behaviour experienced.</p> <p>The root causes of ASB will be addressed, reducing opportunities for repeat incidents to occur.</p>
<p>Mediation:</p> <p>People that have tried to resolve their own conflicts without success are helped to avoid formal proceedings. Mediation gives the power to individuals to take control and resolve a situation with the support of a neutral third-party mediator.</p>	<p>Mediation is a proven, cost-effective method to resolve disputes quickly and amicably. It is particularly powerful in resolving situations early, negating the need for any formal proceedings such as civil litigation.</p> <p>Mediation will save time, money and grief whilst significantly improving the lives of those involved. The goal will always be to guide both parties to a mutually beneficial resolution rather than recommend specific courses of action. It will empower people to resolve situations themselves and come to an agreement.</p>
<p>Opportunity to succeed. Individuals and families are supported from a whole-family approach, whereby lack of opportunity linked to disadvantage, are tackled to prevent escalating ASB and other issues.</p>	<p>Agencies will view ASB as the result of something rather than an isolated set of behaviours.</p> <p>Families and communities will be able to access the services they need and are aware of what opportunities are available.</p> <p>Children will be invested in from an early age, providing youths the opportunity to do things they are passionate about to stop the cycle of unacceptable behaviour escalating and risk of exposure from Gangs or other negative influences.</p>

<p>Victims feel safe and supported in challenging anti-social behaviours:</p> <p>Reporting routes to agencies are clear and accessible, supported with readily available guidance on how to address lower-level anti-social behaviour before it escalates e.g., through the use of respectful communication and mediation.</p> <p>Agencies adhere to legislative guidance and victim's wishes for anonymity if requested. Opportunities are also provided to allow advocates to represent victims were required.</p>	<p>Agencies will provide the safest possible environment for managing anti-social behaviour, where victims are supported. Victims will feel heard, respected, and protected.</p> <p>Everyone involved will feel confident in tackling and challenging the behaviours impacting upon them.</p> <p>Victims will feel safe and have the confidence that their issues are being treated seriously and effectively by statutory agencies.</p>
<p>Disruption:</p> <p>All partners work collaboratively, across agencies and where necessary, neighbouring boroughs, prioritising the swift disruption of anti-social and criminal behaviours, using all available tools and powers in the collective to protect our communities.</p>	<p>Agencies will deliver timely disruption activities to stop unacceptable behaviour escalating into criminal behaviour.</p> <p>Perpetrators will no longer be able to commit ASB unchallenged.</p> <p>Communities will feel protected, and flourish in safe neighbourhoods where families can grow without the fear of crime.</p>

What our communities have told us:

- *"ASB needs to be acted on immediately, so the person knows it's been noticed and that it is followed up with warnings. The council needs to get serious about this. . You've got to keep talking to them."*
- *"Early intervention in the repeating cycles of the poverty trap is much easier said than done. However, investing in children from the early years up, ensuring, wherever possible, that no child goes hungry/ gets into gangs, drugs etc. because there's no hope at home and nothing to do outside school"*
- *"On both occasions I called the police who responded immediately. Next day I contacted the ASB team at the councils, again quick firm action was taken against an offender. Both were quick to respond and were supportive given I was living on my own and their concerns were noticeable. The quick action by both, I feel negated any further abuse towards me."*

How can we all play our part in the CCR?

<p>Individual</p> <p>Individuals can exercise their rights and seek support to challenge anti-social behaviour before it escalates</p>	<ul style="list-style-type: none"> • Learn about your rights as a victim • Familiarise yourself with the tools available to tackle anti-social behaviour • Read the section on Reporting ASB • Call 999 in an emergency or 101 if it is not an emergency (other routes contact details can be found in Appendix 4.)
<p>Community</p> <p>Anti-social behaviour is everyone's business and all members of the community know what behaviour is unacceptable and can report effectively to the appropriate agencies for intervention</p>	<p>In addition to the Individual recommendations:</p> <ul style="list-style-type: none"> • Be mindful of the root causes of ASB and report welfare concerns if things do not appear right
<p>Professional</p> <p>Agencies are aware of the benefits of early intervention, working together to improve data collation and analysis to identify root causes and deliver swift interventions</p> <p>Officers ensure ASB case strategies are devised in partnership, drawing on the collective tools and powers available to disrupt the unacceptable behaviour</p>	<ul style="list-style-type: none"> • Arrange ASB and information sharing training • Review current practices and thresholds for support service access, ensuring people do not fall through the gaps • Understand the duties a Community Trigger places on agencies and how effective partnership working can deliver appropriate interventions and success • Develop referral pathways and work together with other agencies • Work alongside partners to disrupt ASB before it escalates.
<p>Society</p> <p>Consistent and long-term support and advice is available for all individuals. The root causes of ASB are understood and addressed.</p>	<ul style="list-style-type: none"> • Stigma, fear, and barriers to accessing support services will be removed, ensuring everyone has access to help when they need it • A shift in acceptance towards people with diverse backgrounds and identities, including ethnicity, gender, disability, religion and sexuality will be promoted.

Case Study: Covid Lockdown Youth Disorder

The Pandemic proved a challenging time for our communities, with residents forced to remain in their homes, schools closed, and our young people grew restless being isolated from their friends. Westminster City Council, our Housing colleagues, and Police worked tirelessly to reduce the negative impact of anti-social behaviour within the lockdown period.

A large group of young people started congregating on a private Estate, breaking doors to access communal areas for drug taking, damaging private property, and intimidating residents. Initial intelligence received from residents enabled Police and security teams to proactively target the area, identifying the individuals through a range of tools including ASB warnings, stop & searches and CCTV images that were shared with Police, Integrated Gangs & Exploitation officers, Schools officers and Housing staff. Security within the estate was improved with focus on weak access points, lighting, and signage.

The enhanced security measures and disruption patrols saw the group displaced to a further two Westminster Housing Estates and a Network Homes Estate across three neighbouring wards; the youths moving on as soon as an Estate became too 'hot' for them. Again, intelligence received from our residents through reports, street briefings and ASB questionnaires played a vital part in supporting the multi-agency response.

Disruption patrols and security improvements continued within the affected Estates, alongside weapon sweeps, warning letters and Community Protection Notice warnings to those identified. The evidential base justified the implementation of two civil injunctions against persons unknown, with the power of arrest attached, to protect the two Westminster Housing Estates.

Alongside the disruption work, partners created action plans for each of the individuals identified, seeing early interventions for those just coming to notice, including joint agency meetings with the youths and their families, Acceptable Behaviour Contracts agreed to improve behaviours and enhanced support to divert them away from gang influences. Stronger sanctions were applied to known individuals with named civil injunctions for eight of the group banning them from the Network Homes / Westminster Housing Estate, and referral orders for restorative justice contracts to be agreed at a Youth offending Panel.

5.3 Objective 3: Victim Support

Victims of ASB can have a range of needs. Some will be because of the impact of the actual ASB but they may also have other needs as well. Mental health, substance misuse, housing, poverty, and other needs can seriously heighten the impact of ASB on victims. Support and therapy are often found to be vital in reducing the long-term impacts on victims especially during their recovery from incidents of ASB. Our approach needs to be wide-ranging and led both by a person's immediate and long-term needs.

Some victims told us that they also needed more individual support whilst their cases were being investigated and dealt with. They said that they needed to be listened to and wanted to receive regular updates on their case. They wanted to understand what actions could and would be taken by agencies. They also wanted to have the opportunity to give

opinions and feedback on case handling. They said that this would make them feel that their concerns were being taken seriously, listened to, and engaged in their own case. They said that this would give them confidence in the agencies involved and that those that were responsible for the ASB would be held to account for it.

It is essential that victims are provided with access to better advocacy within case management and be given the opportunity to choose restorative justice measures to tackle ASB if they wish. Offers of trauma-informed help and support to support the investigation and ultimately recover from their experience will assist victims in finding emotional and physical well-being and reduce the possibility of repeat victimisation.

It is important that professionals act without judgement or prejudice, are mindful of the effects of secondary trauma and seek to support and validate survivors of ASB from their first contact. Professionals must work with our victims in order to give them the outcomes that they deserve.

What does Victim Support look like?	What difference will it make?
<p>Organisations follow duties and best practice: Agencies are aware of their duties in relation to ASB and respond swiftly and appropriately, often going beyond the minimum requirement to give victims the maximum support. Best practice examples are shared and adopted.</p>	<p>Victims will receive the support they deserve before the anti-social behaviour harms their emotional, mental, and physical wellbeing.</p> <p>Advocates will be able to help victims navigate and access services they may need to improve their general wellbeing and represent their best interests.</p> <p>Victims will be engaged in their case and will understand how they can support agencies in delivering the required results. They will feel that they are part of the solution.</p> <p>Victims will have the confidence that their concerns are being taken seriously and that they have the best response from agencies that is available.</p>
<p>Community Triggers: Everyone will be aware of their legal rights as a victim and their right to activate a Community Trigger case review if the local threshold is met. <i>(3 reports of ASB within 6 months to Police, Housing or Council)</i></p>	<p>Victims will be able to have their cases reviewed swiftly and efficiently so that they no longer have to endure on-going ASB and the impacts upon them.</p>

<p>Continuous improvements: Agencies continuously improve their practices, actively seeking feedback from victims on what worked well and whether they felt anything could have been improved upon. Best practice is shared amongst agencies.</p>	<p>Services will be delivered to meet the needs of the victim.</p> <p>Agencies will learn from and develop their own practice to ensure that they are meeting the needs of their victims.</p> <p>Diverse needs will be identified and responded to effectively.</p> <p>Westminster will deliver the best ASB service to its ASB victims.</p>
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What some of our victims told us:

- *"Having the ASB team updating me was so helpful.."*
- *"I did not feel believed, I felt marginalised actually. The response felt institutionalised with no empathy in that I think Leaseholders are characterised as complainers. It was only after some months passed that I was contacted by an experienced ASB officer who listened to me. Then I felt like a proper response was being taken."*
- *"My experience of dealing with different agencies was difficult. When I reported ASB that was shared between agencies it was obvious that the information provided was not consistent.."*

How can we all play our part in the CCR?

<p>Individual: Victims will have access to agencies that will provide a professional and empathic service in dealing with ASB.</p> <p>Victims will need to support the agencies in providing information and support to the case.</p> <p>Victims can seek and access support in order to address the impact upon their emotional, mental, and physical well-being.</p>	<ul style="list-style-type: none"> • If you notice unacceptable behaviour, report it to the relevant agencies (use the guide in this strategy on page xx <i>Reporting anti-social behaviour</i>) • In an emergency, call 999 • Show empathy towards individuals you believe are ASB victims, offer support and signpost them to the Community Trigger and other services outlined in the resource guide in this strategy (page XX)
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<p>Community: Communities will have confidence that agencies are providing an effective and professional victim-focussed service and will be able to support victims of ASB in their neighbourhoods.</p> <p>Communities will have the knowledge to be able to encourage victims to report ASB to agencies.</p>	<ul style="list-style-type: none"> • Agencies will promote our victim services to communities (see the Resource guide within this strategy on page XX) • Communities will be able to use self-referral pathways into services to report ASB, considering specialist organisations which can provide support • Communities will be able to collectively support the victims within their neighbourhoods that are suffering ASB
<p>Professional: Agencies work together to ensure victims can access holistic wrap-around support that is trauma informed.</p>	<ul style="list-style-type: none"> • Agencies will approach every case by putting the victim at the centre of their case management. Victims matter and are our priority. • Services will provide a professional, effective, and empathic services to victims. • Agencies will involve and work with our victims closely to ensure successful outcomes. • Agencies will understand and carry out their duties in response to ASB and the Community Trigger, advising victims of their rights. They will signpost victims to resources that are available to them, e.g. Online resources such as the WCC Community Trigger Film: https://www.westminster.gov.uk/leisure-libraries-and-community/crime-and-community-safety/community-trigger • Services will address victim’s immediate needs and allow time to discuss long-term support • We will develop processes and work together with other agencies to achieve outcomes that deliver for our victims. • Agencies will ensure that our communication with victims about their cases is regular, informative, and collaborative. • Agencies will ensure that services provided are fair, equitable and consider diverse and inclusivity needs. • Agencies will always seek feedback from victims to ensure that services are improved and evolved in order to meet need.

<p>Society: Being a victim of ASB is not acceptable to our society. No-one should have to suffer from ASB, and everyone has a right to live in, work in or visit Westminster in peace and harmony. It will not be tolerated.</p> <p>Consistent and sustained support both short and long term is available for all victims.</p>	<ul style="list-style-type: none"> • ASB amongst communities needs to be condemned and 'called-out' in order to support victims and reduce the incidents of victimisation. • Ensure language, ethnicity and status are not barriers to accessing long-term support.
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Case Study: Sarah Newton

Sarah Newton – Westminster Housing Resident Case Study.

Nb. Identities have been changed within this case study

Sarah has lived in Westminster her whole life and lives in a flat on her own on an estate. She has experienced three separate cases of Anti-social Behaviour whilst living in her flat. Sarah felt that as a woman living alone, she was being targeted by others living on her estate. On one occasion, three people who were in a property nearby verbally abused Sarah, repeatedly asking her for her mobile phone and accused Sarah of calling the police, something she did not do. This left her feeling nervous about leaving her flat.

After this incident, Sarah called the Safer Neighbourhood team police and the Anti-social Behaviour Team in Westminster housing who assisted her with her situation. They advised what they could do to help her and provided advice on who to contact and how to keep safe. The case manager also suggested arranging for the local safer neighbourhood team to visit her. The ASB Case manager was proactive in quickly linking in with the police; expressing the seriousness of the situation and on the same day, two officers carefully visited Sarah at her flat after her agreement for this to happen with the case manager. Sarah was happy for her case manager to manage this further with the perpetrator and so alongside housing officers, he informed the perpetrator of the reports they had received and that if there was evidence to show that they or any visitors/ members of their household were causing nuisance, harassment, alarm, or distress to another resident, they could face tenancy enforcement action which could in the most serious circumstances be eviction. The behaviours stopped after this strong action was taken. The council dealt with it quickly and Sarah has felt more secure and reassured that partners work to keep people feeling safe in their homes.

5.4 Objective 4: Bringing Perpetrators to Justice

The impact of anti-social behaviour left unchecked can damage and even destroy lives. Our communities in Westminster want to see perpetrators brought to justice for the harm that they have caused to prevent both their behaviours from escalating and to also discourage others from doing the same.

The police are not the only service responsible for this objective - everyone has a role to play. Communities, victims, and witnesses need to speedily report ASB to services and support ongoing cases, especially when enforcement is identified as the potential solution to their problems. Wider services, such as mental health teams, housing management teams, ASB caseworkers, need to work together with victims and perpetrators to address ASB. Agencies need to deliver enforcement outcomes that not only hold those responsible for ASB to account, but also meet the needs of victims and communities and to eradicate the ASB totally. We must work together in this key area.

Holding those responsible for their actions can have a positive impact upon perpetrators themselves by becoming real 'teachable moments' in their lives and providing them with an opportunity to turn their lives around.

Victims of ASB have told us that robust enforcement and stronger consequences are required to deter perpetrators committing ASB and provide them with satisfaction that someone has been held to account for the suffering that they have experienced. However, prosecution is only one form of justice. The opportunity for survivors to choose restorative approaches to tackling ASB is also important as it means their experiences are believed and they are being given a chance to decide how the perpetrator is made accountable for their actions. Agencies have a wide range of enforcement routes that they can take, and each case must be assessed on its own merits to determine the most successful and impactful route to dealing with the ASB and perpetrator.

It is imperative that we swiftly bring perpetrators to justice, so victims do not have to suffer any longer than is absolutely necessary. Delays in delivering outcomes for victims can further traumatise them and the sooner we can engage and deter those responsible for it the better for them, and for communities as a whole.

In the case of a neighbour dispute, on occasion victims of ASB can become perpetrators if certain actions are taken in retaliation to a behaviour. We do not encourage retaliation, as this could mean action being taken against the individual. That is why if you feel you cannot resolve the situation amicably using resources such as 'dear neighbour cards,' you are able to take the appropriate actions as listed in Section 7.

It is also important that the root causes as to why a perpetrator engages in ASB are addressed. We know that lack of opportunity, boredom, peer pressure and a lack of insight into the impacts upon others can be key factors in why some people engage in behaviour that damages people and communities. Whilst holding people to account for their behaviour is vital, we also need to ensure that where appropriate we provide support to perpetrators to allow them to change their behaviour and become a positive member of society, rather than damaging it. Agencies must address any underlying issues that contribute to the offending in the first place, otherwise behaviours will continue and ASB will perpetuate.

What does Bringing Perpetrators to Justice look like?	What difference will it make?
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<p>ASB Perpetrators identified and investigated in a swift and timely manner:</p> <p>All agencies are involved in sharing information to build the intelligence picture and reports are thoroughly investigated to ensure perpetrators are held to account.</p>	<p>Victims feel listened to and believed</p> <p>Victims' confidence in and satisfaction with agencies will improve.</p> <p>Perpetrators will no longer be able to commit ASB unchallenged.</p>
<p>Victims supported to give evidence:</p> <p>Victims are supported throughout the criminal justice process and beyond, with their mental health at the forefront of considerations.</p>	<p>Victims will be more likely to testify, leading to more convictions of anti-social behaviour perpetrators.</p> <p>Perpetrators will know that they will be held to account.</p>
<p>Community Resolution / Restorative Justice:</p> <p>To ensure Justice is delivered as part of the resolution process, Victims are provided the opportunity to consider restorative justice approaches and decide how they want their issues to be addressed.</p>	<p>Victims feel confident and in control of their case, trusting agencies to act in their best interests.</p> <p>Adults and children who exhibit ASB have the opportunity to take responsibility for their behaviour and repair the harm caused by it.</p>
<p>Appropriate intervention is taken:</p> <p>Victims are placed at the heart of any action and agencies collaborate to deliver robust interventions, which may include criminal justice options incorporating behavioural restrictions and rehabilitative requirements, based on the seriousness, risks and vulnerabilities in the case.</p>	<p>Victim/ survivors will feel safe and vindicated.</p> <p>ASB perpetrators will be unable to commit further anti-social behaviour.</p>

What our communities have told us:

- *"A change of people's attitude is needed.. Quick, swift action to enforce any laws broken needs to be taken.. People need to seriously be made aware that their behaviour will not be tolerated. Victims do not want potential outcomes dragged out over a long period of time."*
- *"No intervention of ASB at any stage only allows the problem to grow and is enabling the perpetrators. A better understanding is needed from agencies about how this is not 'low level crime' and how it does destroy lives. It does not go away - it only escalates to further criminalities with no intervention, and victims' lives*

suffering or are even ending. There are many serious case reviews that support this.”

- "Take swift action against prolific offenders and publicise what action has been taken."

How can we all play our part in the CCR?

<p>Individual</p> <p>ASB is seen to damage and destroy lives, victims are treated as such and supported through any intervention.</p>	<ul style="list-style-type: none"> • Call 999 in an emergency or 101 if it is not an emergency (other routes contact details can be found in Appendix 4.) • If you witness ASB and can safely challenge it, do so; report it to the relevant authorities to intervene • Show empathy towards individuals you believe are ASB victims, offer support and signpost them to the services that are available to them including Community Trigger. Services are outlined in the resource guide in this strategy (page XX)
<p>Community</p> <p>ASB is consistently reported by communities.</p>	<ul style="list-style-type: none"> • Share information with agencies (anonymously if preferred, using the reporting routes outlined in the Reporting ASB guide on page XX) to ensure agencies can work from the most comprehensive intelligence picture • Do not tolerate ASB within your neighbourhood, by safely challenging and reporting all incidents of ASB you witness, even if the perpetrator is known to you
<p>Professional</p> <p>Agencies work in partnership, utilising all available powers to bring perpetrators to justice.</p>	<ul style="list-style-type: none"> • Agencies will utilise all applicable disclosure channels to access a comprehensive intelligence picture, identifying appropriate agencies to address root causes of the perpetrator’s behaviour • Develop case strategies utilising all available powers, incorporating rehabilitative and behavioural control measures within court orders • Ensure victims have continued support throughout the duration of the case
<p>Society</p>	<ul style="list-style-type: none"> • Victims are given the opportunity to decide on restorative justice disposals

ASB is not tolerated, and perpetrators are held to account.

- Courts consider robust sanctions against those responsible for committing and/or enabling ASB

Case Study: Criminal Behaviour Order & Community Orders

Westminster City Council received multiple reports from Westminster businesses and residents regarding a 60-year-old male's abusive behaviour towards people on the street. A multi-agency ASB case conference was held for a holistic review of the case and devise an action plan to address the ASB and its root causes. It was found that in addition to the abusive behaviour the male had a history of theft and had recently caused injury to a shop keeper when challenged. Support Services present at the case conference acknowledged that he had suffered complex trauma, significant health issues and used Class A drugs; it was also determined that he had previously suffered a serious brain injury and consistently refused to engage with specialist support services.

Partners decided a Criminal Behaviour Order with an exclusion zone, would be an appropriate preventative tool. When discussing this enforcement approach, partners held his complex needs in mind to ensure the appropriate action could be taken. Relevant assessments of his welfare, brain injury and communication needs were completed, alongside a review of a suitable neuro-rehab programme for future consideration. The case leads followed recommendations in the clinical report from the speech and language therapist on how best to communicate with him to ensure he understood the ramifications of his behaviour, what the Police were saying to him, and any documentation served.

The Court received a pre-sentencing report detailing the findings of the clinical report and other assessments. Recognising his complex needs, the Court granted the 4-year Criminal Behaviour Order and sanctioned a community order designed to ensure he accessed the Drug and Rehabilitation support services he requires to make a positive change.

5.5 Objective 5: Engaging the Community

The way in which we engage our communities is fundamental to the approach we take in resolving ASB. Communicating the successes, activities and actions of the Council and agencies, as well as involving our residents as partners in addressing local problems brings positive outcomes, especially in terms of community confidence in the Council and other agencies to act.

Residents often understand the local issues that affect their neighbourhoods and are best placed partners to help develop and deliver community focussed solutions.

When discussing community engagement, residents highlighted how their knowledge of what action was being taken to address the ASB in their neighbourhood contributed greatly to their feelings of safety both in their home and locality. It also increased their trust in authorities to ensure that they can safely report incidents that had impacted them without fear of reprisal.

It is vital that we guarantee a two-way flow of information and intelligence between the Council and our communities; to ensure that our residents trust the Council and agencies act in the best interests of their communities and neighbourhoods. They want to be able to contribute to locally devised strategies addressing the key concerns and see the positive differences that successful actions have achieved.

What does Engaging the Community look like?	What difference will it make?
<p>Promoting successes and advertising action:</p> <p>Agencies utilise all forms and platforms of communication, guaranteeing the information is easily accessible and culturally appropriate, to ensure communities are aware of the issues and agency responses within their neighbourhoods, clear on how they can help contribute to resolving the ASB.</p> <p>Where appropriate, and where the law allows, the council identifies individuals that have had a court sanction containing behavioural control measures made against them as a result of their anti-social behaviour, to assist with monitoring breaches of said order.</p>	<p>Communities will have increased confidence in the Council's and partner agencies ability to collectively tackle ASB, seeing the positive differences of successful actions.</p> <p>Communities will not tolerate ASB in any form and report through incidents and intelligence to help agencies tackle the behaviour.</p> <p>ASB perpetrators will know they will be held to account.</p>
<p>Community Solutions:</p> <p>Communities are engaged in ASB focus areas to ensure that key concerns are identified, and solutions are co-designed, specific to the needs of the locality.</p>	<p>Communities will be empowered, ensuring the needs and issues within their neighbourhoods are addressed and victims are supported.</p>
<p>Visible Presence:</p> <p>Officers have a visible presence within our neighbourhoods, to deter ASB, intervene when necessary and ensure a fluid flow of information between our communities and agencies.</p>	<p>Agency responses will be fully informed ensuring swift, multi-agency early interventions.</p> <p>Communities feel safe and connected, confident in their ability to help protect their neighbourhoods from ASB.</p> <p>Confidence in statutory agencies will improve.</p> <p>Communities will be better informed about the ASB issues that are affecting their area.</p>

What our communities tell us:

- *Business forums providing sector-specific support and advice and offering clarity on what work is being done by the Council to support businesses in relation to anti-social behaviour."*
- *"Stress reduction generally so social / community activities, social care support and engagement."*
- *"More education whether at school, or advertisements on television, mobile units especially on estates, more noticeable police presence."*
- *"I don't know where to report it, and what if any action the Council would take. I don't think is worth reporting as I don't think you would do anything about it."*
- *"Westminster council in particular do not care (in some areas) and complaining just seem to fall on 'deaf ears.'"*
- *"Early notification to neighbours and block that an investigation was going on"*

How can we all play our part in the CCR?

<p>Individual</p> <p>Individuals understand the local issues within their neighbourhoods and are provided the opportunity to collaborate with agencies to resolve the ASB.</p>	<ul style="list-style-type: none"> • If you witness ASB and can safely challenge it, do so; report it to the relevant authorities to intervene (use the "How to Report ASB" guide on page XX in this strategy) <p>Familiarise yourself with the local engagement platforms, contributing information and ideas on how to resolve issues</p> <ul style="list-style-type: none"> • Engage with ASB questionnaires, attend local ASB forums and assist with requests for information, helping agencies evidence ASB and coordinate co-designed solutions
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<p>Community</p> <p>Communities are aware of the issues affecting their wider neighbourhoods and work together with agencies to address ASB.</p>	<ul style="list-style-type: none"> • Share information with agencies (anonymously if preferred, using the reporting routes outlined in the Reporting ASB guide on page XX) to ensure agencies can work from the most comprehensive intelligence picture • Join or establish community, residential and business forums to represent the local neighbourhood in consultation and engagement by agencies
<p>Professional</p> <p>Agencies engage local neighbourhoods in ASB focus areas to ensure that key concerns are identified, and solutions are co-designed, specific to the needs of the locality.</p> <p>Actions and successes are promoted; when appropriate and where the law allows, successful court sanctions are advertised.</p>	<ul style="list-style-type: none"> • Utilise all methods of engagement inviting communities to co-design solutions when resolving issues, such as ASB questionnaires, door knocks and wider consultation with residential and amenity societies • Promote local action plans in ASB focus areas, clarifying reporting routes and how the community can assist • Advertise successful court sanctions where the law allows
<p>Society</p> <p>ASB is not accepted in any form within our society. Everyone is informed, working together to design and implement local solutions before they escalate.</p>	<ul style="list-style-type: none"> • Established community platforms provide everyone with the opportunity to understand local issues and contribute to solutions • Transparent and trusted information flows exist between agencies and local neighbourhoods; perpetrators understand they will be identified and held to account

Case Study: Community Thursday's

Community Thursdays is a Westminster Housing initiative designed to provide an opportunity for teams across the housing department, at all levels, to have a local and visible presence on our estates and talk to residents about issues that matter to them, including ASB.

This initiative was instigated following the recent housing departments restructure, where there are now more officers in our teams who manage smaller patches, therefore they are able to provide greater focus on issues that affect residents. Local councillors are

invited to join us on Community Thursdays, so that we can collectively work together to address wider issues, as well as provide advice and assistance on issues specific to the resident's home. Each Thursday afternoon, staff across the department visit a different housing estate to knock on the doors of our residents' homes.

Community Thursdays has provided an opportunity for officers to engage with residents, in particular those who are vulnerable, and have a face-to-face discussion about ASB or other housing related queries. Residents can report new incidents of ASB or following up on current cases with new information which act as an integral part of gathering evidence for enforcement and provides them an opportunity to collaborate with agencies to resolve the ASB. Staff can log information reported to them which is triaged to the ASB teams to add to insights on cases and provide more effective outcomes,

Westminster City Council recognises that people have personal preferences in the way they report issues to the Council. Community Thursday's provide vital face to face contact to all Westminster Housing tenants and leaseholders, which compliments the existing ASB reporting routes into Westminster Housing via the telephone or ASB reporting form.

Section 6 – Conclusion

ASB can and does destroy lives. We have the power to prevent victimisation, bring perpetrators to justice and ensure victims are identified and can access meaningful support. Only by working together can this be achieved.

Thank you for taking the time to read this strategy. This may be the conclusion, but it is the beginning of the next five years and reaching our objectives. We look forward to working with you to deliver an approach which is collaborative, coordinated, trauma-informed, Intersectional, gender-informed, and above all puts victims' voices and specialist services at its heart.

So, let's all play our part and work together to end anti-social behaviour.

Section 7 – Appendix 1: How to report anti-social behaviour

We know that having to continuously report anti-social behaviour can be exhausting for people trying to survive the ordeal. Here we have listed the main reporting routes for anti-social behaviour, to ensure that the correct teams are aware of the issue from the beginning.

Please note that the Council is not an emergency response service. Incidents where there is an immediate risk of harm to person or property must be reported to the police or other appropriate emergency service at 999.

Housing Association tenants:

If you are a Housing Association tenant, it is vital that you report any anti-social behaviour you have experienced in and around your property to your Housing Provider in the first instance. This enables the first steps of tenancy enforcement action to commence, if applicable.

Please refer to your Housing Provider's website for details of their ASB policy and ASB reporting instructions.

Westminster Housing tenants

If you are a Westminster Housing tenant, please visit our webpage:

<https://www.westminster.gov.uk/housing/tenants/report-anti-social-behaviour-or-tenancy-fraud-westminster-housing-residents>

Westminster Housing also has a **Residents' Portal** for their tenants – those registered can log their own ASB case and update it.

<https://www.westminster.gov.uk/news/housing-portal-makes-managing-your-home-breeze>

Reporting to Police:

The Police have enhanced the way ASB can be reported; there is an ASB on-line form, which can be accessed at the following link:

<https://www.met.police.uk/ro/report/asb/antisocial-behaviour/>

You can still continue to report via current channels such as **101** or to your local Neighbourhood Policing Team if you prefer, as there will be no change to the current ASB process. In the case of emergency dial **999**.

Reporting to Noise:

You can report any future incidents involving noise with Westminster City Council Noise reporting number or on-line reporting tool at the link below:

<https://www.westminster.gov.uk/report-it>

Calls to the Noise reporting number can be made 24/7 and will enable our officers to attend and witness the noise levels. They act on statutory noise nuisances. Please call: **0207 641 2000**

Reporting anonymously:

You can report anonymously to the police via their online anti-social behaviour reporting form:

<https://www.met.police.uk/ro/report/asb/asb/report-antisocial-behaviour/>

To report crime anonymously, you can also contact Crimestoppers on:

- **0800 555 111** - this number is free to call
- visit the Crimestoppers website: <https://crimestoppers-uk.org/>

Community Trigger:

If you have reported three incidents of anti-social behaviour in the last 6 months to the police, your Housing Association or Westminster City Council, and you feel that no action has been taken, you can request a formal case review by starting a community trigger. A film on what to expect if you apply for a Community Trigger and the application form can be found here:

<https://www.westminster.gov.uk/leisure-libraries-and-community/crime-and-community-safety/community-trigger>

Section 7 – Appendix 2: Our Commitment

Victim first

We take a victim centred approach. We will support the individual/s being affected by anti-social behaviour in the way they wish to be supported and look to achieve a balanced outcome for both the victim and community, understanding that may not always be enforcement; Where possible, victims will be given the opportunity to choose restorative approaches to tackling ASB. We will build an environment where victims and witnesses feel confident and safe in coming forward to report anti-social behaviour. We will actively try to understand the victim's experience and improve our services accordingly.

Act in partnership

We will draw on the resources of the wider partnership and work collaboratively to share knowledge, resources, and expertise to prevent and address ASB. Where appropriate and in line with data protection legislation, we will share information with our partners, including the police and social landlords to help us work out how best to respond.

Address the causes of the anti-social behaviour

There are many factors that could influence someone's behaviour in a way that others might consider anti-social. Where issues such as drug or alcohol addiction, domestic violence or mental illness are identified we will provide support to the victim and to the perpetrator by referring to appropriate support services.

Legal and enforcement action where necessary

We will take a robust approach to resolve ASB, and this will include legal action where necessary to protect victims. We will ensure that any action is a proportionate response to protect the victim or community in line with the Enforcement Concordat. We will continue to use our legal tools and powers innovatively and assess their effectiveness to inform future decision making.

Prevent anti-social behaviour where possible

By using appropriate and timely interventions we aim to resolve most complaints at the earliest opportunity for example by sending warning letters, offering mediation or positive diversionary interventions, making use of Acceptable Behaviour Contracts (ABCs) and making appropriate referrals for support. We will champion the use of Community Standards to promote neighbourly behaviour and advertise the Community Trigger, so everyone understands their rights as a victim of ASB.

Section 7 – Appendix 3: Victim’s Charter

This charter does not replace any statutory rights that victims have under the Victims Code or any other codes of practice. This is Westminster City Council’s commitment towards our residents and community to deliver a victim centred response to anti-social behaviour.

We will allocate a lead ASB caseworker to be single point of contact (SPoC) through the duration of the case who will:

- Help victims understand what the options are in the case progression even if we are limited in what information we can legally disclose
- Discuss and agree the victim’s level of involvement within the case
- Advocate on behalf of the victim within any professional meetings relating to their case
- Keep victims informed about the progress of their case including any court hearings
- Discuss the court process with the victim when securing victim impact statements, discussing the special measures available to protect victims when testifying, and apply for extra help when giving evidence in court if appropriate

<https://www.victimsupport.org.uk/going-court/extra-help-court/>

- Discuss all available support services open to the victim and provide referrals to victims’ support services / other relevant support services where appropriate

Section 7 - Appendix 4: Resources

Experiencing anti-social behaviour can be stressful and upsetting. Westminster Housing has produced a series of ASB fact sheets and FAQ to help support our tenants which can be found here: <https://www.westminster.gov.uk/housing/anti-social-behaviour>

There are national and local organisations which may be able to offer you additional support and advice. Some of them are listed here:

General Support:

Victim Support

Victim Support is the independent charity for people affected by crime and traumatic events in England and Wales. They provide individual, independent, emotional, and practical help to enable people to cope and recover from the effects of crime.

Get support locally

- Contact your nearest Victim Support team: <https://www.victimsupport.org.uk/help-and-support/get-help/support-near-you/>

Call the Victims' national phone line

- Call the Support line for free on [08 08 16 89 111](tel:08081689111), 24/7

Get support online

- Start a live chat, available across England and Wales, 24/7:
<https://www.victimsupport.org.uk/help-and-support/get-help/support-near-you/live-chat/>
- Request support online:
<https://www.victimsupport.org.uk/help-and-support/get-help/request-support/>
- Access My Support Space – a free online resource containing interactive guides and videos
<https://www.mysupportspace.org.uk/moj>

Alternatively, you can call the Victims' Information Service for free on [08 08 16 89 293](tel:08081689293)

Citizens Advice Witness Service

A network of independent charities offering confidential advice online, over the phone and in person. CAB are independent, impartial and the service is free. CAB also support witnesses in every criminal court in England and Wales. Practical information about the

process, as well as emotional support to help witnesses feel more confident when giving evidence.

- Address: 200 Aldersgate St, London EC1A 4HD (Main Office)
- Email: westminster.mc@citizensadvice.org.uk
- Witness service website:
<https://www.citizensadvice.org.uk/about-us/about-us1/citizens-advice-witness-service/>

Westminster Advice Services Partnership (WASP)

Advice on a range of issues, including Benefits, Debt, Housing, Employment, Consumer, Legal, Tax, Family law, Energy suppliers and Immigration & Nationality. Service available to Westminster residents (including those who are temporarily resident, or those placed temporarily by the City Council outside of the borough), or homeless with no local connection to anywhere outside of Westminster.

- WASP can be found across Westminster, at the following locations and times:
 - Beethoven Community Centre, Third Avenue, London W10 4JL, Mondays 1:30pm to 4pm
 - WECH Community Centre, Athens Gardens, entrance via Chantry Close off Elgin Avenue, W9 3RS, Tuesdays, 3pm to 5pm
 - Citizens Advice Westminster, 21a Conduit Place, London, W2 1HS, Tuesdays 5:30pm to 7pm (for employed only) and Fridays 2pm to 4pm, every 4th Friday women only
 - Church Street Library, 67 Church Street, NW8 8EU, Wednesdays 10:30am to 12:30pm
 - South Westminster Legal Advice Centre, 246 Vauxhall Bridge Road, London SW1V 1AU, Fridays, 9:30am to midday

Telephone: 0300 330 1191

Westminster Advice Services Partnership website: <https://www.westminsteradvice.org.uk/>

Mental health support

SPA - Single Point of Access

The Single Point of Access provides one number and one email address for referrals to secondary mental health services and support in a mental health crisis in the Borough of Westminster.

The Single Point of Access is open 24 hours a day, seven days a week, 365 days a year.

<https://www.cnwl.nhs.uk/services/mental-health-services/adult-and-older-adult/single-point-access>

You can call us on [0800 0234 650](tel:0800 0234 650) or email cnw-tr.spa@nhs.net

The Samaritans

The Samaritans are there for anyone who is struggling to cope, who need someone to listen without judgement or pressure. Free support on the phone, via email, letter and in person.

- Website: <https://www.samaritans.org/branches/central-london/>
- Telephone: 116 123
- Email: jo@samaritans.org
- Write to: Freepost RSRB-KKBY-CYJK, Chris, PO Box 9090, STIRLING FK8 2SA

For older people

Age UK advice line

Free national advice line for older people and those seeking advice for older friends or relatives. Open 8am to 7pm, 365 days a year.

- Telephone: 0800 678 1174
- Website: <https://www.ageuk.org.uk/westminster/>

For leaseholders

The Leasehold Advisory Service

Government funded independent advice for Residential Leaseholders

The Leasehold Advisory Service website can be found here: <https://www.lease-advice.org/>

Support for families in Westminster

Westminster Family Information Service

- Westminster FIS website: <https://fisd.westminster.gov.uk/kb5/westminster/fis/home.page>

To report a concern about a child, contact the Westminster Access and Assessment Team at [0207 641 4000](tel:0207 641 4000) or e-mail AccessToChildrensServices@westminster.gov.uk

ASB Guidance and Advice

ASB Help

Further information and advice for victims and Businesses around Anti-social Behaviour, Support Services and the Community Trigger can be found at ASB Help

<https://asbhelp.co.uk/>

ASB Tools and Powers Guidance

Home Office Statutory Guidance for ASB, Crime & Policing Act 2014 tools and powers can be found here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1088750/2022_Updated_ASB_Statutory_Guidance-_FINAL.pdf

Section 7 - Appendix 5: Glossary

Term	Explanation
Anonymity	The ability to withhold details of a person so they are not able to be identified by anyone. We use this tactic if someone is at risk of coming to harm if their identity is revealed to perpetrators.
Community Resolution	When dealing with anti-social behaviour or less serious offences through a community resolution, the police officer may use the Community Remedy document to engage the victim in having a say in the punishment of the perpetrator. The Community Remedy gives victims a say in the out-of-court punishment of perpetrators of less serious crime and anti-social behaviour, including allowing them to consider a restorative justice approach. The Community Remedy document is a list of actions which may be chosen by the victim for the perpetrator to undertake in consequence of their behaviour or offending.
Community Trigger	The ASB Case Review, often referred to as the 'Community Trigger' is an important statutory safety net for victims of anti-social behaviour who believe they have not had a satisfactory response to their complaints about anti-social behaviour. Where a locally determined threshold is met, victims can require the relevant bodies in the local area to undertake a review of the case, and those bodies have a statutory duty to undertake that review.
Cuckooing	Cuckooing is a form of crime, termed by the police, in which drug dealers take over the home of a vulnerable person in order to use it as a base for drug dealing. It is named after the cuckoo's practice of taking over other birds' nests.
Enforcement Concordat	The Enforcement Concordat: Good Practice Guide for England and Wales is a Code of Practice between Government and local councils. It sets out a range of options drawn from current good practice, which enforcers can use to help them apply the Principles of Good Enforcement.
Mediation	Mediation is a way to mend relationships when there is a disagreement . Mediation is held by a neutral person (a 'mediator'). The

	mediator is impartial. This means they do not take sides. They are there to help everyone involved find a solution they can all agree to.
Modern Slavery	Modern slavery refers to situations where an individual is deceived, coerced, or forced into exploitation. Modern slavery is an umbrella term which encompasses human trafficking, servitude and forced or compulsory labour. It is outlined in the Modern Slavery Act 2015.
Registered Social Landlord	A Registered Social Landlord (RSL) is a Housing Association or other organisation registered with the Housing Corporation as a Social Landlord (Section 1 – Housing Act 1996) having a Local Management Presence.
Rehabilitative Requirements	Rehabilitative Requirements are court ordered services required when a person needs help to keep, get back or improve skills and functioning for daily living. It can include services revolving around Mental Health or Drug and Alcohol dependencies for example.
Restorative Justice	A Restorative Justice approach is a way of working with conflict that puts the focus on repairing the harm that has been done. It is an approach to conflict resolution that includes all of the parties involved.
Safer Westminster Partnership	The Safer Westminster Partnership is our statutory Community Safety Partnership where the council works with the police, fire, health, probation, and other agencies to develop strategies and policies to make Westminster safer.

Section 7 - Appendix 6: Related WCC Strategies

Safer Westminster Partnership Strategy (2020 - 2023)	
Prevention	Making the West End a safer place for visitors, residents, and businesses
Early Intervention	Intervening early with families and young people to reduce their risk of victimisation and prevent offending.
Supporting Victims	Protecting the most vulnerable in Westminster from becoming victims of violence or exploitation
Bringing Perpetrators to Justice	Working with the most problematic offenders to reduce their re-offending
Engaging Communities	Focusing on what matters most to residents, businesses, and visitors

Fairer Westminster Strategy (2022 - onwards)	
Prevention	Build a City where residents, workers and visitors from all backgrounds will feel welcome and safe.
Early Intervention	Our council services will be transparent, easily accessible, and effective, ensuring people can get the support they need
Supporting Victims	Our council services will be transparent, easily accessible, and effective, ensuring people are safeguarded
Bringing Perpetrators to Justice	
Engaging Communities	Communities are at the heart of decision making to build a more inclusive city that celebrates its diverse communities

Westminster City Plan (2019 - 2040)	
Prevention	Delivers a well-designed, safe, and managed public realm to support community growth; ensures the evening and night-time economy is not dominated by the consumption of alcohol, which can lead to issues of anti-social behaviour.
Early Intervention	Development and or public realm improvement proposals will be required to incorporate appropriate security measures advised by the Metropolitan Police and / or the council
Supporting Victims	
Bringing Perpetrators to Justice	
Engaging Communities	Neighbourly Development principle applies to all proposals to avoid negative impacts associated with further growth of the City.

Private Rented Sector Housing Strategy (2021 - 2025)	
Prevention	Effective management of private residential properties against the Council's standards
Early Intervention	Licensing of Houses in Multiple occupation to ensure Council's standards for safe and well managed homes
Supporting Victims	Ensure referral mechanisms to 'Safer Renting' charity and Justice for Tenants as well as Tenancy Relation Officers
Bringing Perpetrators to Justice	Enforce Housing standards which may include civil or criminal action against non-compliant landlords
Engaging Communities	Promoting awareness around Housing issues via Landlords forums and PRS Strategy group

Mental Health Strategy (emerging) 2023 - onwards	
Prevention	Ensuring relevant support to address key behavioural drivers that may put tenancies at risk
Early Intervention	Ensuring support is available at the earliest opportunity to address mental ill health as root causes of unacceptable behaviour
Supporting Victims	People are supported to look after their mental wellbeing
Bringing Perpetrators to Justice	Provides intervention and support for perpetrators to change their behaviour
Engaging Communities	

CYP and Families: Drugs Strategy (emerging): Preventing and Reducing harm caused by illegal drugs on children, young people, and families (2023-2026)	
Prevention	Ensuring we best to support: <ul style="list-style-type: none"> • Children and young people (CYP) who are using illegal drugs • Parental Substance misuse and "hidden harm" • CYP who are involved (and/or exploited to be) with the supply and dealing of drugs
Early Intervention	Draft recommendations relate to Education and Awareness, Stigma and Shame, Safe Spaces for Children and Young People, Support for Families and Strategic Collaboration
Supporting Victims	Key focus is to prevent and support CYP who are involved (and exploited to be) in the dealing and supply of drugs: this includes raising awareness amongst recreational drugs users on the impact on local CYP and communities and challenging the perceptions around involvement in drugs.
Bringing Perpetrators to Justice	Combating Drugs Partnership: To ensure delivery of the 10-year National Drugs strategy in line with the National Combating Drugs Outcomes Framework: this is a national ask
Engaging Communities	An important overarching enabler to the recommendations is strengthening the voices of local people, especially children and young people and those with lived experiences. Addressing drugs and related issues are consistently a top priority named by residents.

Violence against Women & Girls (VAWG) Strategy (2021 - 2026)	
Prevention	Children and young people (CYP) who are using illegal drugs
Early Intervention	
Supporting Victims	Ensures survivors are provided the right support at the right time
Bringing Perpetrators to Justice	Holds abusers to account and provides intervention and support for them to change their behaviour
Engaging Communities	Work preventatively with children and young people in schools and other settings to promote healthy relationships, gender equality and respect.

Health and Wellbeing Strategy (emerging) (2023 - onwards)	
Prevention	Parental Substance misuse and "hidden harm"
Early Intervention	
Supporting Victims	People are supported to look after their mental wellbeing
Bringing Perpetrators to Justice	
Engaging Communities	People and Communities work together for a fairer society

Rough Sleeping Strategy (emerging) (2023 - onwards)	
Prevention	CYP who are involved (and/or exploited to be) with the supply and dealing of drugs
Early Intervention	Advise rough sleepers on the support that is available to them and the consequences of not engaging or behaving anti-socially
Supporting Victims	Identify where rough sleepers have been victims of crimes such as trafficking and respond appropriately
Bringing Perpetrators to Justice	Ensure rough sleepers who refuse to engage and pose a danger to themselves, or others are subject to enforcement action with a view to changing their behaviour.
Engaging Communities	

Homelessness Strategy (2019 - 2024)	
Prevention	
Early Intervention	Ensuring relevant support and interventions to address key behavioural drivers that may put tenancies at risk
Supporting Victims	Protecting victims from non-compliant landlords
Bringing Perpetrators to Justice	Holding non-compliant landlords to account
Engaging Communities	

Statement of Gambling Policy (2022)	
Prevention	Prevents gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
Early Intervention	Protecting children and other vulnerable persons from being harmed or exploited by gambling.
Supporting Victims	
Bringing Perpetrators to Justice	
Engaging Communities	

Statement of Licensing Policy (2022)	
Prevention	The Licensing Authority will not grant applications that do not promote the Prevention of Crime and Disorder, and Public Nuisance licensing objectives.
Early Intervention	Implementation of Licensing conditions to control crime & disorder where appropriate
Supporting Victims	
Bringing Perpetrators to Justice	Holds Licence holders of problematic premises accountable for controlling crime & disorder issues within their venue
Engaging Communities	Encourages membership of an appropriate scheme (e.g. Pub Watch etc) where this would promote the licensing objective to control crime & disorder

Busking & Street Entertainment Policy (2021)	
Prevention	Licensing scheme to control activities that may cause a nuisance in the City Centre
Early Intervention	Code of Conduct to improve control & address the adverse impacts experienced by pedestrians, businesses, and residents

Supporting Victims	
Bringing Perpetrators to Justice	Holds buskers accountable with a self-regulating approach and licensing conditions
Engaging Communities	

Early Help Strategy (2019 - 2022)	
Prevention	Prevention of children and young people committing offences
Early Intervention	Strengthening parents' and young people's resilience in managing their behaviour when Parenting capacity manifests itself in significant behavioural issues
Supporting Victims	
Bringing Perpetrators to Justice	
Engaging Communities	

Modern Day Slavery and Exploitation Strategy (2021 - 2026)	
Prevention	Builds Community understanding, empathy, and resilience, where adults & children know about and can exercise their rights
Early Intervention	Ensures communities know the signs and how to report suspicions
Supporting Victims	Protecting the most vulnerable in Westminster from becoming victims of violence or exploitation
Bringing Perpetrators to Justice	All agencies are involved in sharing information to build the intelligence picture and allegations are investigated thoroughly
Engaging Communities	

Westminster City Council's ASB Strategy is underpinned by the following ASB Policies:

- Westminster Housing - Statement of Policies and Procedures on Tackling Anti-Social Behaviour Housing Act 1996 s.218a
- Westminster City Council – Anti-Social Behaviour Policy – General ASB

Need to report Anti-social Behaviour?

Find out how to report anti-social behaviour, and the best way to do it depending on your circumstances on **Page XX**

The Council is not an emergency response service. Incidents where there is an immediate risk of harm to person or property must be reported to the police or other appropriate emergency service at 999.

References

The Mayor's Office for Crime and Policing (MOPAC) <https://www.london.gov.uk/what-we-do/mayors-office-policing-and-crime-mopac/data-and-statistics/crime-dashboard>

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**WCC ASB Strategy Consultation
Commentary and Response**

'Certain comments refer more to the general issue of anti-social behaviour, providing more operationally based details, and it should be understood that not every observation is a direct response to the strategy's content. Officers have reviewed these responses, and where appropriate these have not been implemented into the strategy but will be considered for the Strategic Action Plan. '

Consultation Comments	Council Response
Overarching comments	
<p>The data used in the consultation does not represent an accurate picture of the many challenges as it was collated during the two-year Covid Pandemic.</p>	<p>AMENDMENT: Data lifted from 2023 Safer Westminster Partnership Strategic Assessment draft, reflecting data from October 2021 – September 2022. Notation within Local picture summary: <i>Nb. The Local Picture is based on data collated from October 2021 – September 2022, for the purpose of the Safer Westminster Partnership Strategic Assessment 2023.</i> (Sec.3 The Local Picture)</p>
<p>....Will this also include the business community, it is very resident focused. A lot of ASB e.g. begging takes place in high streets and high footfall areas.</p>	<p>ORIGINAL: This strategy has been developed with the help of partners, residents, and businesses across Westminster through a series of workshops and surveys.</p> <p>AMENDMENT: This strategy has been developed with the help of partners, residents, and businesses (including Business Improvement Districts) across Westminster through a series of workshops and surveys. (Sec.1 Introduction)</p> <p>AMENDMENT: High Street shops, retailers and businesses, especially smaller shops are often victims of ASB. When a business experiences ASB, the impact can almost always be felt by the surrounding</p>

	<p>community with increased prices, raised premiums on their insurance and underinvestment from business in the locality. (Prevention - Introduction)</p> <p>AMENDMENT: Businesses, alongside the council have a role to play in tackling ASB. By taking swift action towards those who are exhibiting ASB, providing evidence and statements to support agencies in taking enforcement action and not selling alcohol or weapons to underage people, ASB can be both prevented and stopped in its tracks. (Prevention CCR – Professionals)</p>
<p>Cite how ASB differs from, and intersects, hate crime</p>	<p>As this is a strategy relating to ASB, we will only focus on ASB. We have made the below amendments to distinguish our approaches to criminal behaviours below.</p> <p>Original: ‘Importantly, what constitutes ASB is extremely subjective. What one person may consider anti-social another may not, which is crucial in acknowledging the way in which ASB can make the those who experience it feel. Below are a few examples of issues that our communities have experienced and reported as ASB. Although some of these can be defined as criminal offences which should be investigated by the police, we recognise that ASB can easily escalate into criminal behaviours. We will prioritise disruption of these behaviours, collaborating with our partners to use all available tools and powers in the collective to protect our communities.’</p> <p>Amendment: ‘Given the broad definition of ASB, we acknowledge that people have different tolerances and thresholds. Below are a few examples of issues that our communities have experienced and reported as ASB. Drug Dealing, Discriminative Behaviour (Hate Crime)</p>

	and Vandalism (criminal damage) are criminal in nature and needs to be addressed by the Police. We will work closely with the Police and partners to prioritise disruption of these types of behaviours, ensuring that all available tools and powers are being used together to protect our communities.'
Some respondents feel that the strategy does not delve into much tactical or operational detail - it feels like a collection of principles, which "hardly anything one can disagree with"	The WCC ASB Strategy sets out the strategic approach to how we will address anti-social behaviour. The strategy will be supported by an action plan managed through a multi-agency strategic working group. The action plan and subsequent achievements will be published on a yearly basis.
Prevention	
<ol style="list-style-type: none"> 1) Clarify ASB's definition 2) eliminate jargon 3) offer multilingual solutions 	<ol style="list-style-type: none"> 1) The definition of ASB quoted in the strategy is the legal definition contained within the ASB, Crime & Policing Act 2014 2) An Easy Read version is also available. 3) An ASB information pack will be produced as a strategic action, which will be available in the dominant languages within borough.
The 'broken windows theory' noting that damage and issues to the built environment should be swiftly addressed	The broken window theory is the approach that we take within problem solving. This is addressed within the PREVENTION – Know the Signs table as: <i>Unacceptable behaviour will be stopped before it can escalate.</i>
On page 16 [...] how will WCC ensure that ASB prevention is considered in planning applications? We suggest the strategy explicitly states how this will be implemented.	The Strategy details the Westminster City Plan (2019-2040) which delivers a well-designed, safe and managed public realm. The ASB strategy does not outline specific actions the Council will take across its 5 year lifetime. The multi-agency ASB Strategic Working Group will determine the strategic action plan for each year following publication of the strategy.

<p>"Different lifestyles are respected and celebrated" I don't think "celebrated" is an appropriate word. It is too political. "Tolerated" would be a better word.</p>	<p>The Council's 'Fairer Westminster' Strategy celebrates our diverse communities.</p>
<p>Enforcement as prevention carried out by all agencies, with visible action serving to deter future ASB. It is also noted that enforcement can feel "unrealistic" because action requires evidence, and the process can take a long time.</p>	<p>ORIGINAL: By prioritising Prevention as a key objective, we are asking everyone to actively invest in their community to combat ASB. We need to focus on reinforcing positive behaviour and ensure that people are aware of the impact and potential consequences of being involved in anti-social behaviour.</p> <p>AMENDMENT: By prioritising Prevention as a key objective, we are asking everyone to actively invest in their community to combat ASB. We need to focus on reinforcing positive behaviour and ensure that people are aware of the impact and potential enforcement consequences of being involved in anti-social behaviour. (Prevention – Introduction)</p>
<p>The need for increased data sharing among different partners, including BIDs and Businesses</p>	<p>Both the Metropolitan Police Service's Business Information Sharing Agreement and ASB Information Sharing Agreement are being finalised to provide further opportunity to meet this objective. The strategy states: <i>"It is essential that all agency data and intelligence about ASB is effectively managed, assessed and shared so that we can recognise patterns of behaviour and repeat perpetrators."</i> (Early Intervention – Introduction)</p>
<p>Increased commitment by the Police / resources & joint working</p>	<p>The WCC ASB Strategy is for Westminster City Council; resources belonging to partner agencies are not within our control. However, our duties as a Responsible Authority of the Safer Westminster Partnership (SWP), as defined by the Crime and Disorder Act 1998, requires the Council to work with the police and other agencies to reduce crime and disorder in Westminster. The Council makes a significant contribution to dealing with anti-social behaviour of all kinds and undertakes both investigations and prevention activities.</p>

<p>The need for in-person support and safe spaces that vulnerable people or victims can go to</p>	<p>The ASB strategy does not outline specific actions the Council will take across its 5 year lifetime. The multi-agency ASB Strategic Working Group will determine the strategic action plan for each year following publication of the strategy. This comment will be presented to the strategic working group for consideration within the action plan.</p>
<p>Is ReportIT and ASB ReportIT linked? For example, fly tipping could fall under both? Could information get lost? Would a collaborative approach be better?</p>	<p>Report It regards environmental issues, whereas ASB Report It hyperlinks to Westminster Housing ASB Team. The two are not linked, but we work collaboratively to identify the root cause of the issue and utilise the primary legislation appropriate to the offence.</p>
<p>How are younger people cared for if their legal guardian is the perpetrator or victim of ASB?</p>	<p>The Family would be allocated a worker from WCC’s Children Services Early Help Team to assess and identify support needs required. The Early Intervention pillar references our position in ASB case management in taking a whole family approach as follows: <i>“Individuals and families are supported from a whole-family approach, whereby lack of opportunity linked to disadvantage, are tackled to prevent escalating ASB and other issues.”</i> This ensures the relevant support is provided to individuals and families inclusive of victim or perpetrator status.</p>
<p>We provide support to over 2,000 rough sleepers annually. [...] Given this, we are interested in examining how the funding allocation for dealing with rough sleeping and homelessness can ensure that areas with high numbers of non-local rough sleeping are not unfairly burdened</p>	<p>AMENDMENT: This strategy focusses on behaviours and not the settings or circumstances that they are conducted in. ASB can involve young people, adults, homeless people and can occur behaviours within both residential and business environments. Our strategy is designed to impact ASB no matter where it takes place and by whom.</p>

	<p>The council invests over £7m annually ringfenced to rough sleeping services and secures grant funding of more than £8m annually to meet a range of services to rough sleepers and those who are threatened with homelessness.</p> <p>However, we acknowledge there is more we, our community, and our partners want to achieve together. Working closer than ever before with a commitment to deliver our services through the future strategic priorities to be set by the administration in 2023, with a shared ownership and accountability framework to be established.</p>
<p>Begging is key ASB concern although has no mention in strategy – requires inclusion</p>	<p>The strategy reflects The Government’s policy paper on the Repeal of the Vagrancy Act 1824 which states that “ Begging by itself does not constitute ASB, but if begging is accompanied by ASB that did meet the thresholds, then the powers under the ASB, Crime & Policing Act 2014 could be used if local areas deemed it appropriate”.</p> <p>AMENDMENT: This strategy focusses on behaviours and not the settings or circumstances that they are conducted in. ASB can involve young people, adults, homeless people and can occur behaviours within both residential and business environments. Our strategy is designed to impact ASB no matter where it takes place and by whom.</p>
<p>Absence of Mental Health "or how". Could reference tackling stigma, MH awareness, ability to respond etc. (Mental health workshop)/ Special reference to poor mental health as a source of antisocial behaviour which needs to be tackled differently (Libraries workshop)</p>	<p>Within this strategy, the Council ensures a holistic approach to ASB case management considering all vulnerabilities that may present in a person. If a person is deemed to have capacity, we will hold the person accountable for their actions. If criminal justice options are deemed necessary, we will <i>“include criminal justice options incorporating behavioural restrictions and rehabilitative requirements, based on the seriousness, risks and vulnerabilities in the case.”</i> (Bringing Perpetrators to Justice – Appropriate Intervention is taken.)</p>

	<p>AMENDMENT: Rehabilitative Requirements - Rehabilitative Requirements are court ordered services required when a person needs help to keep, get back or improve skills and functioning for daily living. It can include services revolving around Mental Health or Drug and Alcohol dependencies for example. (Appendix 5 - Glossary)</p>
<p>Need to influence change within parents who do not understand implications of ASB in their children if left to escalate / via schools / lived experience etc</p>	<p>We recognise that ASB is the gateway to serious criminal activity and the need to address at an early age to influence change within families. The Strategic action plan will look to embed the Government’s Supporting Families programme within all ASB case management.</p> <p>ORIGINAL: Agencies will work with schools and other educational establishments to highlight the damage that ASB can cause.</p> <p>AMENDMENT: Agencies will work with families through schools, educational establishments and social services to highlight the damage that ASB can cause. (Prevention CCR – Professional)</p>
<p>Early Intervention</p>	
<p>BIDs have existing baseline agreements for partnership working including tackling anti-social behaviour with WCC. This is a statutory document and framework outlining resources and processes, but are not currently referenced in the draft strategy (BID)</p>	<p>ORIGINAL: This strategy has been developed with the help of partners, residents, and businesses across Westminster through a series of workshops and surveys.</p> <p>AMENDMENT: This strategy has been developed with the help of partners, residents, and businesses (including Business Improvement Districts) across Westminster through a series of workshops and surveys.</p>

	(Sec.1 Introduction)
<p>Practitioners also highlighted the need to increase partnership working across different scenarios from AirBnBs to the CAMs/Mental Health Services/ASC work, as well as between Westminster Housing and ASC, and BIDs.</p>	<p>The strategy prioritises partnership working across all forms of ASB. Specific examples are not cited in the strategy although case studies are used.</p> <p>Prevention pillar: <i>“All agencies work collaboratively, prioritising the swift disruption of anti-social and criminal behaviours, using all available tools and powers in the collective to protect our communities.”</i></p> <p>AMENDMENT: This strategy focusses on behaviours and not the settings or circumstances that they are conducted in. ASB can involve young people, adults, homeless people and can occur behaviours within both residential and business environments. Our strategy is designed to impact ASB no matter where it takes place and by whom.</p>
<p>Whilst it is understood that the sharing of information across agencies can be useful in addressing ASB. We have concerns that “identify individuals that have a court sanction made against them as a result of their Anti-Social behaviour” can also serve to isolate/ cause the victimisation of those individuals identified. It would be useful for the strategy to be clear on:</p> <ol style="list-style-type: none"> 1. The purpose and process of making these identifications and how the information will be used by the various agencies. 2. The process for informing individuals that these identifications have been made, how it can be appealed and/or withdrawn. 3. What evidence the Council has that these identifications will deter an individual's participation in ASB, and what considerations have been made about the potential that labelling an individual as someone with a Court Sanction for ABS can exacerbate their participation in ASB and/ or cause them to experience discrimination from agencies. 	<p>Westminster City Council will only identify individuals that have had a court sanction made against them as a result of their anti-social behaviour, where appropriate and where the law allows.</p> <p>Any Judgment or Order made 'in public' is a public document and automatically available to the public. The general rule is that all hearings are in public, subject to the court's discretion to order a hearing to be held in private.</p> <ol style="list-style-type: none"> 1) The Council would only advertise prohibitive control measures within a court order to victims who have provided evidence for the purpose of monitoring breaches if it is deemed proportionate and appropriate to do so. This will ensure the effective delivery of the enforcement action.

<p>4. What considerations have been made about the mental and physical health and safety of those identified and the support that will be provided for those identified.</p> <p>5. What are the criteria and processes for deciding when it is appropriate to make this identification and when it is not?</p> <p>As above, the lack of commitment for additional financial support for organisation supporting families leaves concerns that these organisations will not be properly equipped to play the roles they are expected to play in the strategy to combat ASB. (Queen’s Park Community Council)</p>	<p>Information sharing is controlled by law. Agencies are only able to share information on previous convictions if relevant to the case to show an established pattern of behaviour to the courts.</p> <p>2) Agencies are not required by law to inform the person that their court order has been advertised as the court order is publicly available. Any Judgment or Order made 'in public' is a public document and automatically available to the public. The general rule is that all hearings are in public, subject to the court's discretion to order a hearing to be held in private.</p> <p>3) We would not identify persons for the purpose of deterrence or discrimination, but for the purpose of effective enforcement through the monitoring of breaches of the court order.</p> <p>ORIGINAL: Where appropriate, and where the law allows, the council will identify individuals that have had a court sanction made against them as a result of their anti-social behaviour.</p> <p>AMENDMENT: Where appropriate, and where the law allows, the council will identify individuals that have had a court sanction containing behavioural control measures made against them as a result of their anti-social behaviour, to assist with the monitoring and enforcement of breaches of said order. (Engaging the Community - Promoting successes and advertising action)</p> <p>4) When court order applications are made, Westminster City Council considers the types of control measures required to prevent further anti-social behaviour, as well as incorporating</p>
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	<p>positive conditions built around the individual’s vulnerabilities, aiding their rehabilitation.</p> <p>5) The need to identify court sanctions to the public / victims is considered on a case-by-case basis by the partnership agencies involved in the case management of the person; agencies can include Police, NHS, Social Care, Housing alongside Westminster City Council. The decision around suitability to identify someone will involve reviewing such things as is the identification of the court sanction in the public interest, or outweighed by the risk poised to the individual, their vulnerabilities, the necessity to monitor breaches of orders for effective enforcement. The decision is made prior to the court sanction being granted.</p>
<p>Have we the capacity to intervene early and promptly – linked to data sharing and partnership working.</p>	<p>We acknowledge that resources are stretched across all agencies, however, smarter intelligence led working, sharing, and using data effectively will enable the correct agency to intervene in a swift and meaningful manner as detailed within Early Intervention.</p> <p>The Council is in constant communication with police teams locally and regionally ensuring the effective use and distribution of resources. We work closely with the government, the Home Office and the Mayor's Office for Policing and Crime securing necessary funding for the delivery of vital services in tackling ASB. Despite current fiscal restraints placed upon Local Authorities, tackling ASB remains at the top of the current administration’s priorities for the borough.</p> <p>In addition to identifying funding routes, the Council actively lobbies for improvements to legislation and the Judicial system to effectively bring perpetrators to justice.</p>

Victim Support	
<p>.... key element is the perceived need for in-person support mechanisms, from using communal boards to share information, departmental representatives coming into libraries, walk-in centres to help combat digital exclusion and trauma.</p> <p>.... both digital and in-person methods should be used to provide information around existing support. Information should be available in different languages and be culturally tailored</p> <p>.... Establish Community hubs / one stop service for support inc MH / D&A / mediation etc</p>	<p>We fully agree with these suggestions and will include an action within the ASB Strategy action plan to develop within the first year.</p> <p>ORIGINAL: Communities are aware of the issues and agency responses within their neighbourhoods, clear on how they can help contribute to resolving the ASB.</p> <p>AMENDMENTS: Agencies will utilise all forms and platforms of communication, guaranteeing the information is easily accessible and culturally appropriate, to ensure communities are aware of the issues and agency responses within their neighbourhoods, clear on how they can help contribute to resolving the ASB. (Engaging the Community – Promoting Successes and advertising action)</p>
<p>.... organisations need to improve interactions with victims from the outset (inc r/sleepers), with a call for specialist training & accountability as well as increased care after cases are underway or closed</p>	<p>The Victim Support pillar recognises the importance of continuous improvements, best practice, and organisational competence. The strategic action plan will look to develop our and partner agency victim care responses alongside Victim Support to ensure that best practice is delivered from the start of a victim’s journey to its conclusion.</p>
<p>Re R/Sleepers - We would recommend guidance in this strategy for how businesses can engage with local support services in a meaningful and productive way. (The Connection at St Martin’s)</p>	<p>Rough Sleeping is particularly acute in Westminster, and we manage by far the highest number of rough sleepers in the country. Westminster City Council and our partners continue to demonstrate national leadership in the delivery of rough sleeping services, investing millions each year to provide both accommodation and support services, to ensure every rough sleeper in our city receives the best individually tailored route away from the street.</p>

	<p>We are currently arranging a networking meeting in February 2023, with the BIDs leading the discussions on the issues of rough sleeping and how we work collaboratively to co-produce the actions required to move forward.</p> <p>On-going communication, consultation, forums, and meetings will be a key agenda during 2023.</p>
<p>Further clarification on community triggers was requested by three BIDs respondents, who are not able to use this type of process. They also highlight that it is not explicitly mentioned that businesses can be victims of ASB.</p>	<p>Amendment: High street shops, retailers and businesses, especially smaller shops are often victims of ASB. When a business experiences ASB, the impact can almost always be felt by the surrounding community with increased prices, raised premiums on their insurance and underinvestment from business in the locality. (Prevention - Introduction)</p> <p>AMENDMENT: Businesses, alongside the council have a role to play in tackling ASB. By taking swift action towards those who are exhibiting ASB and not selling alcohol to underage people, ASB can be both prevented and stopped in its tracks. (Prevention CCR – Professional)</p> <p>Amendment: Further information and advice for victims and Businesses around Anti-social Behaviour, support services and the Community Trigger can be found at ASB Help https://asbhelp.co.uk/ (Appendix 7 - Resource directory)</p> <p>Anyone is able to submit a Community Trigger application on behalf of a victim with their consent, if the victim has met the local threshold of 3 reports of ASB to Police, Council or Housing within a six-month period. More information on the Community Trigger can be found here:</p>

	<p>https://www.westminster.gov.uk/leisure-libraries-and-community/crime-and-community-safety/community-trigger</p> <p>https://asbhelp.co.uk/</p> <p>Anti-social behaviour powers (publishing.service.gov.uk)</p>
<p>Bringing Perpetrators to Justice</p>	
<p>.....need for increasing resources to effectively bring perpetrators to justice.</p>	<p>The Council is in constant communication with police teams locally and regionally ensuring the effective use and distribution of resources. We work closely with the government, the Home Office and the Mayor's Office for Policing and Crime securing necessary funding for the delivery of vital services in tackling ASB. Despite current fiscal restraints placed upon Local Authorities, tackling ASB remains at the top of the current administration's priorities for the borough. In addition to identifying funding routes, the Council actively lobbies for improvements to legislation and the Judicial system to effectively bring perpetrators to justice.</p>
<p>.....continuous work across borders and agencies is required to tackle ASB</p>	<p>ORIGINAL: All agencies work collaboratively, prioritising the swift disruption of anti-social and criminal behaviours, using all available tools and powers in the collective to protect our communities.</p> <p>AMENDMENT: All partners work collaboratively, across agencies and where necessary, neighbouring boroughs, prioritising the swift disruption of anti-social and criminal behaviours, using all available tools and powers in the collective to protect our communities (Early Intervention – Disruption)</p>
<p>Victims should be cared for during and after the judicial process, while ensuring that perpetrators are also not able to commit offences</p>	<p>The Victim Support pillar recognises the importance of continuous improvements, best practice, and organisational competence. The</p>

	<p>strategic action plan will look to develop our and partner agency victim care responses alongside the charity ‘Victim Support’ to ensure that best practice is delivered from the start of a victim’s journey to its conclusion.</p> <p>Within this strategy, the Council ensures a holistic approach to ASB case management. If a person is deemed to have capacity, we will hold the person accountable for their actions. If criminal justice options are deemed necessary, we will <i>“include criminal justice options incorporating behavioural restrictions and rehabilitative requirements, based on the seriousness, risks and vulnerabilities in the case.”</i> (Bringing Perpetrators to Justice – Appropriate Intervention is taken.)</p>
<p>..... the need to define justice as part of the resolution process</p>	<p>ORIGINAL: Victims are provided the opportunity to consider restorative justice approaches and decide how they want their issues to be addressed</p> <p>AMENDMENT: To ensure Justice is delivered as part of the resolution process, Victims are provided the opportunity to consider restorative justice approaches and decide how they want their issues to be addressed (Bringing Perpetrators to Justice - Community Resolution / Restorative Justice)</p>
<p>Community Engagement</p>	
<p>... the power of visible officers to deter ASB, intervene when necessary and create community confidence that action is being taken</p>	<p>ORIGINAL: Officers have visible presence within our neighbourhoods, ensuring a fluid flow of information between our communities and agencies</p>

	<p>AMENDMENT: Officers have visible presence within our neighbourhoods to deter ASB, intervene when necessary and ensure a fluid flow of information between our communities and agencies (Engaging the Community – Visible Presence)</p>
<p>... suggestions around the use of social media, easy read versions and newsletters</p>	<p>ORIGINAL: Communities are aware of the issues and agency responses within their neighbourhoods, clear on how they can help contribute to resolving the ASB.</p> <p>AMENDMENTS: Agencies will utilise all forms and platforms of communication, guaranteeing the information is easily accessible and culturally appropriate, to ensure communities are aware of the issues and agency responses within their neighbourhoods, clear on how they can help contribute to resolving the ASB. (Engaging the Community – Promoting Successes and advertising action)</p>
<p>Include libraries in the Cllr ward based newsletter so everyone can see what is going on in the local areas (Libraries)</p>	<p>This will be considered as part of the action plan development.</p>
<p>New residents should contain info packs which include contacts for ASB / FAQs and a ASB support manual we can send out to victims / translate / make available as widely and easily as possible to help support these groups</p>	<p>ASB information and support packs for all victims of ASB, residents, businesses and interested parties will be contained within the Strategic action plan for Year 1.</p>
<p>promotion of the family and friends services acknowledging that drugs and alcohol is all our problem not just those that use (Drugs and Alcohol workshop</p>	<p>We will present this comment to the Strategic Working Group for consideration with the Strategy Action plan</p>
<p>In order to effectively combat ASB, there must be appropriate knowledge and support from the community with considerations for the cultural needs of the diversity of people, and the need to bridge understanding of difference and promote community cohesion through these differences. The strategy needs clarity on how this engagement will be facilitated to ensure engagement across communities</p>	<p>The Fairer Westminster Strategy states that its values will be enshrined in a Charter for Community Participation. The Council is working on several action plans to improve how officers work with the community. The Charter of Community Participation will set out some standards and principles on how we will involve communities in the work that we do.</p> <p>What do we hope to achieve?</p>

	<ul style="list-style-type: none"> • To clearly set out Westminster City Council’s commitments and standards in relation to inclusivity, accessibility with public participation, so citizens are clear on what to expect and understand their rights. • To empower the citizens of Westminster in relation to public service delivery and the meaningful participation in local government and democratic processes • To build relationships and eliminate gaps between citizens and public officers. • To ensure responsive and citizen friendly governance. <p>Our Equality Objectives set out our plans to enable better involvement of communities through our investment in the voluntary and community sector, ensuring our staff represent the communities we service, and understanding our communities in order to improve access to our services.</p> <p>Our objectives are to:</p> <ul style="list-style-type: none"> • Raise awareness and understanding of what the council does • Capture the voice and views and learning how citizens want to get involved • Ensure a wide range of citizen views are reflected in the Charter and future democratic decision-making processes
<p>Culturally appropriate information for areas across Westminster. Targeted information (Youth hubs)</p>	<p>ORIGINAL: Communities are aware of the issues and agency responses within their neighbourhoods, clear on how they can help contribute to resolving the ASB.</p> <p>AMENDMENTS: Agencies will utilise all forms and platforms of communication, guaranteeing the information is easily accessible and culturally appropriate, to ensure communities are aware of the issues</p>

	and agency responses within their neighbourhoods, clear on how they can help contribute to resolving the ASB. (Engaging the Community – Promoting Successes and advertising action)
ASB Strategy EQIA	
Need to expand on MH/vulnerabilities and how we address when enforcing	AMENDMENT: Rehabilitative Requirements - Rehabilitative Requirements are court ordered services required when a person needs help to keep, get back or improve skills and functioning for daily living. It can include services revolving around Mental Health or Drug and Alcohol dependencies for example. (Appendix 5 - Glossary)
Safer Westminster Partnership Strategic Assessment	
Requirement to update sec.1 Current Picture data using this year’s Strategic Assessment	AMENDMENT: Data lifted from 2023 Safer Westminster Partnership Strategic Assessment draft, reflecting data from October 2021 – September 2022. Notation within Local picture summary: <i>Nb. The Local Picture is based on data collated from October 2021 – September 2022, for the purpose of the Safer Westminster Partnership Strategic Assessment 2023.</i> (Sec.3 The Local Picture)
Insertion of SWP’s strategic objective around Early Intervention within Strategy table.	AMENDMENT: Intervening early with families and young people to reduce their risk of victimisation and prevent offending. (Appendix 6: Related WCC Strategies)

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EQUALITY IMPACT ASSESSMENT

Completing an 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.

SECTION 1:

<p>Title</p>	<p>WCC Anti-Social Behaviour Strategy EIA</p>
<p>What are you analysing?</p> <ul style="list-style-type: none"> • What is the policy/project/activity/strategy looking to achieve? • Who is it intended to benefit? Are any specific groups targeted by this decision? • What results are intended? 	<p>The purpose of the ASB strategy is to tackle ASB in all its forms across Westminster, including against residents, businesses and visitors. We aim to:</p> <ul style="list-style-type: none"> • prevent ASB from occurring • Intervene at the earliest possible point • Support the victims of ASB • Ensure perpetrators are brought to justice • Engage communities in how we tackle ASB <p>The Strategy outlines our Coordinated Community Response (CCR) to tackling ASB, which states that individuals, communities, professionals and society has to work together in order to tackle this issue.</p> <p>In what context will it operate?</p> <p>Westminster has some of the highest levels of ASB in the UK, owing to the night-time economy, high levels of social housing and overcrowding. The strategy will set out the council’s priorities. Once the strategy is published an action plan (with a separate EIA) will be developed. The action plan will be developed with partners from the Safer Westminster Partnership.</p> <p>What results are intended?</p>

Victims supported to the highest standard & a reduction in ASB across the borough. Increase in reporting.

Why is it needed?

The council currently does not have a city-wide strategy for tackling ASB, only a housing-based policy. Due to the nature of ASB, and its prevalence on our streets, businesses and housing, it was necessary to develop a general strategy to outline the Council’s priorities and direction.

Who is it intended to benefit and how?

Residents, businesses, WCC staff, visitors will benefit from a better understanding of how the council treats ASB. There will be a reduction in ASB. Victims will be better supported and, where they need support (e.g. for mental health reasons) perpetrators will benefit from better referral pathways.

Who, potentially, could this project, policy or proposal have a detrimental effect on, or and how?

Perpetrators of ASB

Where the gender of the alleged perpetrator of ASB was known, the large majority (79%) were male.

Communities will be empowered to report ASB, thus potentially identifying more perpetrators. However, under this strategy perpetrators will receive appropriate support through services such as mental health/ Drug & alcohol.

Whilst holding people to account for their behaviour is vital, we also need to ensure that where appropriate we provide support to perpetrators to allow them to change their behaviour and become a positive member of society, rather than damaging it. Agencies must address any underlying issues that contribute to the offending in the first place, otherwise behaviours will continue and ASB will perpetuate.

There is a distinct link between ASB and mental health. Community Trigger data from October 2021 – September 2022 demonstrates that mental health was identified as an issue in 21% of the cases reviewed for either the complainant or alleged perpetrator. The Mayor’s Office for Crime and Policing also found that repeat ASB victims were more than three times as likely to have a mental health Disability.

Appendix 3 – Equality Impact Assessment

	The increased focus on bringing perpetrators to justice will likely have a disproportionate impact on this group. Given the prevalence of a mental health dimension within ASB cases, it's important that measures are put in place to recognise this. This impact will be mitigated by focusing on improved referral pathways for perpetrators of ASB with better access to mental health support services.
Details of the lead person completing the screening/EIA	(i) Full Name: Wayne Chance McKay (ii) Position: Head of City Operations (iii) Contact Details: wcmckay@westminster.gov.uk
Date sent to Equalities@westminster.gov.uk	N/A
Version and date of update	2 17.01.23

SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?

Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p>2.1</p>	<p>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</p> <ul style="list-style-type: none"> <i>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.</i> <i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i>
	<p>There will be no measurable impact on services at this point, a separate EIA will be completed for the action plan that is produced alongside the strategy.</p>
<p>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</p>	<p><i>If yes, provide details.</i></p> <p>The strategy is aimed at all residents, irrespective of the characteristics. Where the gender of the alleged perpetrator of ASB was known, the large majority (79%) were male. Although the strategy’s emphasis on bringing perpetrators to justice means that more men will be impacted, they will also benefit from additional support for their needs.</p> <p>Mental health is a significant and increasingly common element in ASB cases. Mental Health services and people that use those services have been engaged as part of the development of the strategy. The strategy focuses on improved pathways to services so people with mental health issues should receive more care.</p>
<p>2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? If so, this</p>	<p><i>If yes, provide details.</i></p> <p>No</p>

could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.

2.4 Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?

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	None	Positive	Negative	Not sure	Analysis
Men or women	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Where the gender of the alleged perpetrator of ASB was known, the large majority (79%) were male.
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Disabled ¹ people (consider different types of physical, learning or mental disabilities)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Mental health is a significant and increasingly common element in ASB cases. Mental Health services and people that use those services have been engaged as part of the development of the strategy. The strategy focuses on improved pathways to services so people with mental health issues should receive more care. Any change in response due to the strategy will be irrespective of disability status.
People of particular sexual orientation/s	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

¹ Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

Appendix 3 – Equality Impact Assessment

People in particular age groups (consider in particular children, under 21s and over 65s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The strategy has been developed in consultation with youth groups as well as a wide range of other age ranges.
People who are intending 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"/>	The strategy is aimed at all residents, irrespective of gender reassignment status Any change in response due to the strategy will be irrespective of people who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment.
Impact due to pregnancy/ maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The strategy is aimed at all residents, irrespective of pregnancy/maternity status. Any change in response due to the strategy will be irrespective of pregnancy/ maternity status
People of particular faiths and beliefs	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The strategy is aimed at all residents, irrespective of religion/belief. The strategy places an emphasis on tolerance and celebration of different communities.
People on low incomes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.</p>					

2.5	Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.6	Provide brief reasons on how have you come to this decision?
	<p>The strategy is aimed at all residents, irrespective of the characteristics. All victims and potential victims should be positively impacted by the introduction of this strategy.</p> <p>Where the gender of the alleged perpetrator of ASB was known, the large majority (79%) were male. Although the strategy’s emphasis on bringing perpetrators to justice means that more men will be impacted, they will also benefit from additional support for their needs.</p> <p>Mental health is a significant and increasingly common element in ASB cases. Mental Health services and people that use those services have been engaged as part of the development of the strategy. The strategy focuses on improved pathways to services so people with mental health issues should receive more care.</p> <p>No changes to services will result directly from the adoption of this strategy. The associated action plan will be subject to its own EIA.</p>

SECTION 3: ASSESSING THE 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. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/ Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							

Appendix 3 – Equality Impact Assessment

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
Sexual Orientation	Lesbian, gay men, bisexual							
Age	Older people (50+)							
	Younger people (16 - 25)							
Gender Reassignment								
Impact due to pregnancy/maternity								
Groups with particular faiths and beliefs								
People on low incomes								

SECTION 4: ACTION PLAN

<p>4.1</p> <p>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.</p> <p><i>Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.</i></p> <p>NB. Add any additional rows, if required.</p>								
Page 104	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG	
	None							
	<i>Enter additional rows if required</i>							

THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER

SIGNATURE:

FULL NAME: Wayne Chance-M Kay

UNIT: Environment and City Management

EMAIL & TELEPHONE EXT: wcmckay@westminster.gov.uk

DATE (DD/MM/YYYY): 17/01/2023

WHAT NEXT?

It is the responsibility of the service to complete an EIA to the required standard.

All completed EIAs should be sent to Equalities@westminster.gov.uk. This is for collation and record keeping, but the mailbox is not currently monitored.

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City of Westminster

Meeting:	Cabinet
Date:	13 February 2023
Classification:	General Publication
Title:	North Paddington Programme
Wards Affected:	Westbourne, Harrow Road, Queen's Park
Policy Context:	Delivery Programme (Fairer Westminster)
Key Decision:	Yes
Report of:	Debbie Jackson, Executive Director of Growth, Planning and Housing Sarah Crampton, Head of Operational Delivery, Communities

1. Executive Summary

- 1.1 Westminster City Council (WCC) is committed to improving service delivery and outcomes in the areas where communities experience the highest levels of multiple deprivation. It is also committed to reforming its approach to place-based working and enhancing its support for local neighbourhoods and high streets across the city.
- 1.2 Adopted in April 2021, Westminster Council's *City Plan (2019-2040)* outlines the existence of social-economic imbalances within the borough, alongside the Council's commitment to addressing this.
- 1.3 *"The NWEDA (North-West economic development area) has long contained some of Westminster's most deprived areas, with lower levels of qualifications, earnings and health, and higher levels of worklessness, than elsewhere in the city. It is an area requiring coordinated intervention to tackle persistent levels of inequality. Efforts through this plan will include providing for improved opportunities within the area itself, but also ensuring residents benefit from the opportunities offered by development in more central parts of Westminster."*
- 1.4 It is proposed that a new place-based approach to improve outcomes for local communities is piloted in the North Paddington area, which encompasses the wards Westbourne, Harrow Road, and Queen's Park as outlined in **Appendix 1- "Map of North Paddington area."**)
- 1.5 Hard boundary lines for the above wards will not be applied, as it is acknowledged neighbouring pockets in the North-West of the borough also experience similar levels of multiple deprivation. This applies to the triangular area bordered by Chippenham Road, Elgin Avenue and Shirland Road, which moved from the Harrow Road ward to Maida Vale in May 2022, following Council changes to the boundary line.
- 1.6 Following the local elections in May 2022, the Labour administration has a clear agenda to deliver a more equitable Westminster. To address this, a spotlight is now on the North-West of the borough, where outcomes and indicators are consistently worse for communities that live in these parts.
- 1.7 This report begins the process by setting out preliminary proposals on governance, investments and community engagement for Cabinet's consideration and approval.
- 1.8 The recommendations in this report will establish a framework for a more collaborative working between Council officers, Members, ward councillors, senior leaders, local communities, business leaders and other public sector stakeholders to shape provision that responds to local circumstances and priorities.

- 1.9 To facilitate this and deliver on the ambitions of the programme, this report also outlines proposed funding for the programme, through both Capital and Revenue funding streams.
- 1.10 The report also makes reference to a newly established North Paddington Partnership Board, which will encompass local strategic stakeholders, to provide for open dialogue on the direction of existing resources and on new local investment and projects.
- 1.11 Finally, it outlines a reinforced focus on engagement and capacity building with the local North Paddington communities, to offer the public increased opportunities to express their views on local matters and potential solutions.
- 1.12 This ensures community engagement is embedded within the governance of the programme, so communities' input can also be used to help shape the delivery of the programme.
- 1.13 This emerging North Paddington programme has been a key area of focus for the Future of Westminster Commission and as such this report includes as an appendix a summary of their findings by way of a response to this report. (**Appendix 3**).

2. Recommendations

That Cabinet:

- 2.1 Approves the proposed governance arrangements for the North Paddington programme, as set out in Section 6 below.
- 2.2 Notes that the Leader will delegate authority to take decisions on and administer the programme and its funding, in accordance with the Council's governance arrangements as further detailed in Section 6 of this report.
- 2.3 Notes that appropriate notices to give effect to these delegation changes be served under section 12.4 of the Leader and Cabinet Procedure Rules contained in the Constitution.
- 2.4 Approves the programme of community development and engagement, as set out in Section 7 below.
- 2.5 Notes the findings of the Future of Westminster Commission with respect to the North Paddington programme.

3. Reasons for Decisions

- 3.1 A decision is required to respond to the findings of the Future of Westminster's Commission about the needs of the North Paddington area.

- 3.2 These decisions discuss budgets; sets out the governance and seek approval for the broad approach.

4. Background, including Policy Context

- 4.1 Wards in the North Paddington area are among the most disadvantaged in the City, facing significant income and health inequalities compared to neighbouring wards within Westminster alongside crime and anti-social behaviour challenges. **Appendix 2 – “North Paddington ward profile”**.
- 4.2 The wards Harrow Road, Westbourne and Queen’s Park cover primarily residential areas, characterised by higher proportions of private and socially rented housing than other parts of Westminster.
- 4.3 As identified by the #2035 initiative, (*a health-led programme seeking community-informed system change in a bid to reduce the life expectancy gap between Northwest parts of the borough and more prosperous areas of Westminster by 2035*) inequality is vividly represented by the 14-year gap in male life expectancy between these 3 wards and Marylebone.
- 4.4 In June 2022 the Council established the Future of Westminster (FoW) Commission to advise the Council on areas of policy critical to the future success of the City, with a key area of focus being North Paddington. Its views on the North Paddington area are included in **Appendix 3** of this report.
- 4.5 Responding to the relative deprivation in the North Paddington area, the Economy and Employment strand of the Commission elected to conduct a deep dive into local issues and challenges, by gathering data and interviewing community stakeholders. This exercise took place during September and October 2022, uncovering significant areas both of concern and opportunities to improve community outcomes.
- 4.6 Over the same period, it became apparent to WCC senior leaders and officers that a different approach was required by the Council to address the various challenges around behaviours and upkeep in areas within North Paddington, such as the Maida Hill Market square.
- 4.7 In 2022, a WCC injunction for the Maida Hill square was successfully appealed. While the Council received reports that community members felt unsafe in the area, not everyone was not fully on board with the mechanisms the Council were using to try and improve community safety.
- 4.8 The Council therefore committed to explore, as a priority, a different way of working with North Paddington communities.
- 4.9 This is in line with the Council’s Fairer Westminster Strategy, which prioritises social justice-driven interventions across the Northwest of the borough.

- 4.10 There is both the need and opportunity to pilot a place-based joined-up approach to service delivery and problem solving in North Paddington across all the Fairer Westminster ambitions (Communities, Economy, Housing and Environment), ensuring that the approach meets the criteria set by the strategy for the fifth ambition: Fairer Council.
- 4.11 To achieve this, the first objective was to develop a governance model, which provided clear lines of accountability for key projects and performance and supported collaborative working between Council services and dialogue between the Council and community stakeholders. An iterative process of development with officers, community stakeholders and senior leaders led to the model described in Section 6 below.
- 4.12 This model aims to support officers, particularly those in operational decision-making roles, to share their knowledge of the area, including intelligence on urgent or emerging issues or opportunities and jointly develop practical, collaborative responses.
- 4.13 Already, dialogue with North Paddington stakeholders has identified some immediate interventions responding to local need, and several areas where investment in service modifications or commissioned activity could produce a sustained improvement in community outcomes.
- 4.14 The Council has an existing budget of £4.868m for projects under the Place Plan, which amongst other schemes in North Paddington, includes the 3 Good Growth Fund projects. This budget includes funds committed from the WCC's Capital Programme, alongside funding from the GLA, TFL and CIL.
- 4.15 Pending Full Council approval (March 2023) an additional £2.667m Capital funding is proposed to achieve a higher level of ambition for the 3 developing Good Growth Fund schemes.
- 4.16 Subject to approval by Full Council (March 2023), further investment of up to £5m capital funding per annum will be established for a programme of place-based schemes emerging from community prioritisation exercises.
- 4.17 Finally, subject to approval by Full Council (March 2023), a revenue budget of £0.750m funding has been proposed in the Council Budget to deliver additional programme management, project activity and community investment. For projects, priority will be given to activities, which either narrow or close outcome gaps within the programme timeline and directly address longstanding tensions resulting from historic practice in the area.
- 4.18 Led by the Communities department, the Council also revisited its approach to community engagement during this period and has drawn on some of the expertise and success developed with the Church Street Regeneration programme.
- 4.19 A process of listening and dialogue has commenced, intended both to inform the Council and partners' approach to improving community cohesion;

addressing local ASB enforcement and to lay the groundwork for wider community engagement in the North Paddington programme, as it develops. This proposed process is detailed in Sections 6 and 7 below.

- 4.20 To achieve the proposed close working with local stakeholders, in line with the needs of local communities a North Paddington Partnership Board is recommended (defined in section 6) to share their feedback on the setting and review of priorities; to consider progress against key indicators and express their views on the Programme's investments.
- 4.21 In addition, forums will include local voluntary, community and faith sector organisations, to ensure greater efficiency of resources, improved services, and a stronger local voice.
- 4.22 When designing the North Paddington Programme, opportunities to share expertise and minimise duplication have been adopted wherever possible. Programme governance has been shaped to provide forums for practical collaboration and stakeholder consideration and the evaluation of new proposals.

5. Vision and Outcomes

- 5.1 As outlined in the City Council's *Fairer Westminster Strategy (2022-26)*, tackling all forms of inequalities, and making Westminster a more equitable place is one of the top priorities of the City Council.
- 5.2 Taking this on board, with data and feedback from the FOW Commission, to kickstart the North Paddington Programme, WCC officers have internally developed the following high-level vision statement, which captures key ambitions of the programme.

"To reduce the socio-economic and health inequalities within the borough, by improving the outcomes and opportunities for those across the Northwest of Westminster, so these communities feel safer, wealthier and healthier."

- 5.3 This statement can be broadly summarised by the following 2 outcomes:
 - Reducing deprivation in the North Paddington area (measured by the indices of multiple deprivation).
 - Reducing the life expectancy gap across the borough
- 5.4 Whilst this sets out the starting direction, WCC remains committed to delivering the North Paddington Programme collaboratively, through ongoing consultations with communities and local stakeholders throughout the programme's lifespan.
- 5.5 Therefore, a process for the North Paddington Partnership board (outlined further in Section 6 below) to view and feed into both the Programme's vision and outcomes has been incorporated into next steps, before these are finalised.

6. North Paddington Programme

Governance

- 6.1 The proposed governance model for the North Paddington Programme is not intended to replicate or conflict with existing Westminster City Council processes or schemes of delegation, rather to ensure that the collective resources of the Council are best deployed collaboratively to maximise positive outcomes for local communities.
- 6.2 All decisions on actions, activities and investment across Council departments will be taken according to existing processes and delegations, with the new North Paddington forums playing an advisory role. The lead Cabinet Member for the North Paddington programme is the Cabinet Member for Planning and Economic Development, who will be accountable for the overall programme as well as projects falling within their Cabinet Member remit.
- 6.3 The purpose of the North Paddington's Programme structure is to:
- Support officers, particularly those in operational decision-making roles (Heads of Service and Senior Managers), to share their knowledge of the areas, including intelligence on urgent or emerging issues or opportunities and jointly develop practical, collaborative responses.
 - Ensures that senior leaders are aware of and in a position to address North Paddington issues, and that their strategic insights and leverage are effectively deployed to the advantage of the area.
 - Provide an effective and timely means for Members and Ward councillors to raise issues of concern, review proposals for the area and offer their local insight.
 - Ensure proposals for projects, service modifications and investments receive an appropriate level of consideration, incorporating consideration of expert perspectives from outside the Council, including local community experts by experience.
 - Provide a forum through which all stakeholders including the Council, statutory, voluntary, communities, residents and business representatives can contribute to the setting and review of priorities, consider progress against key indicators, and shape programme investment decisions.
- 6.4 The structure will comprise the following elements:
- North Paddington Westminster Officer Steering Group: A monthly meeting of WCC senior operational officers whose services deliver within the North Paddington area. The group will focus on

information sharing and creative problem solving, and act as the review group for smaller project proposals. Officers in the North Paddington Steering Group will also meet on an individual basis with their identified lead in the dedicated North Paddington Programme team, to ensure robust monitoring and management of all North Paddington delivery activities across the Council.

- North Paddington Leadership Forum: A fortnightly meeting of senior WCC stakeholders: Cabinet Member for Planning and Economic Development, Chief Executive, the Programme's Senior Responsible Officer (Executive Director of Growth, Planning and Housing), Director of Communities and the North Paddington Programme Lead. The group will provide strategic challenge, insight, and steer in support of programme delivery.
- North Paddington Members Forum (Including Ward Councillors)- A monthly meeting chaired by the Cabinet Member for Planning and Economic Development, to share programme progress and proposals, and facilitate local insight and constructive challenge to improve outcomes within the North Paddington area.
- North Paddington Partnership Board: A quarterly meeting of key strategic local stakeholders to set and review priorities, highlight emerging issues, review progress against key indicators and offer an indicative steer on large scale project proposals.
- North Paddington/ #2035 Theme Groups: Bi-monthly meetings relating to the 6 themes (originally assembled by the #2035 Initiative) comprising relevant professionals and community experts by experience. The themes correlate strongly with the issues emerging from local consultation and the Future of Westminster Commission deep dive. The groups would provide insights into progress and issues, act as the review group for medium sized project proposals and offer recommendations to the North Paddington Leadership group on larger proposals.

The 6 themes are:

- I. Housing & homelessness,
- II. Money, local economy, jobs & training,
- III. Education, communities & connections,
- IV. Neighbourhood & environment,
- V. Crime & safety,
- VI. Health, wellbeing & healthcare

6.5 Westminster City Council will act as accountable body for all Council spend under the programme. All spending and investment decisions recommended by the North Paddington Partnership Board will be treated as advisory, and all awards, commissions and procurements will be run according to WCC regulations, protocols, and schemes of delegation.

6.6 In this context, and to ensure transparent and efficient decision making, subject to approval of recommendation 2.2 above, it is proposed that the following delegations are put in place to govern the programme.

- The Cabinet Member for Planning and Economic Development is responsible for overall programme leadership. This includes the authority to update the programme governance and partnership arrangements set out above.
- In areas which fall outside of the Cabinet Member for Planning and Economic Development's remit, they will be expected to act as a necessary consultee for decisions on the capital expenditure aligned to the North Paddington programme.
- In areas which fall outside of the remit of the Executive Director of Growth, Planning and Housing, they will be expected to act as a necessary consultee for decisions on the capital expenditure aligned to the North Paddington programme.
- The programme will report to the Finance, Planning and Economic Development Policy and Scrutiny Committee in line with the lead role being played by the Cabinet Member for Planning and Economic Development.
- In line with the principle of independent scrutiny, it is for that committee to determine, in consultation with the Cabinet Member and Executive Director, the appropriate timing and frequency of such reporting.

7. Community Development and Engagement

7.1 To achieve the Programme's ambitions (outlined in Section 5) of reducing borough wide social-economic and health inequalities and creating a Fairer Westminster, it is imperative to build the community and stakeholder engagement into the programme structure and process and ensure this is effectively communicated.

7.2 Community development and engagement will focus on working directly with community representatives including residents, local organisations, voluntary partners, and local businesses to build trust; better relations and commence working more closely where possible, particularly when addressing local issues and opportunities.

7.3 The table below, outlines a step-by-step process to embed the community engagement within the Programme, which will enable final decisions to stem from community input.

Table 1: Engagement process

Step 1- Design inclusive community engagement process	WCC staff and North Paddington Partnership Board (including feedback and input from the North Paddington Partnership Board on comms, before standard internal sign off).
Step 2 – Engage with the community	WCC Communities team
Step 3 – Identify priorities with input from the Programme’s themed group	WCC staff and North Paddington Theme Group
Step 4 – Recommend initiative-wide priorities	WCC staff and North Paddington Partnership Board
Step 5 – Decide and develop respective Programme plans	North Paddington Leadership group consult with sign off from Cabinet Member of Planning and Economic Development

- 7.4 An inclusive community engagement process will be supported by the North Paddington Partnership Board. This group of local leaders will advise and monitor community engagement and the collection and synthesis of the data to be delivered to the theme groups and to inform the development of the strategic transformation programme.
- 7.5 The North Paddington Partnership Board will also feed into the Programme’s comms plans, to ensure information is effectively disseminated to wider audiences and engagement is both inclusive and accessible, reaching diverse community groups, institutions and local stakeholders, including overrepresented groups in the area (i.e younger persons).
- 7.6 Council officers, including the Council’s Communities Team, will ensure that the Programme’s engagement strategy encompasses recommendations outlined by the Partnership Board. In turn, community feedback (community insight, concerns, challenges, ideas, and direction), as well as feedback from the Theme groups will be incorporated into the process undertaken by the North Paddington Programme Team and North Paddington Partnership Board, to develop and prioritise proposals for the long-term strategic transformation programme.
- 7.7 Finally, decisions will be consulted on by the North Paddington Leadership Forum, with final decisions and sign off by Cabinet Member for Planning and Economic Development.

8. Programme Reporting and Issue Management

- 8.1 Subject to approval of funding for additional resource requirements identified, the North Paddington Programme has a core dedicated team of officers (*North Paddington Programme Team*), which reports into the Programme Senior Responsible Owner -the Executive Director for Growth, Planning and Housing and the Leadership Spotlight Forum.
- 8.2 The North Paddington Programme Lead is responsible for the overall delivery of the Programme and is supported by the North Paddington Programme Manager, who will be responsible for project and programme reporting, supported via the Council's existing Corporate Programme Management Office (CPMO). Programmes delivered in house will be reported via the Change Board – a meeting of the Executive Leadership Team - as well as to the Partnership Board and the North Paddington Leadership Forum.
- 8.3 The North Paddington Programme Team will matrix manage a wider team of officers, representing services across the City Council who support or deliver projects and activities across North Paddington.
- 8.4 This wider team will form the Officer Steering Group, which will provide a forum for support and advice to lead WCC officers in resolving immediate concerns and to monitor and manage delivery across the Council and support the Programme reporting activities. Urgent issues will be escalated as necessary to the North Paddington Leadership Spotlight Forum.
- 8.5 The North Paddington Partnership Board provides the forum for developing proposals for the long-term strategic transformation of the Programme and for monitoring and supporting the delivery of the approved Programme. It is anticipated that the long-term strategic delivery of the Programme will include a combination of WCC lead projects and service delivery alongside strategic stakeholders, who lead delivery and collaborative service delivery.

9. Further Opportunities

- 9.1 This report details a pathfinder approach for Westminster City Council, which it may consider adopting when focusing on specific areas or themes elsewhere in the borough. Should the model prove effective, there is potential to apply or adapt the model to other priorities.

10. Financial Implications

Capital funding

- 10.1 Subject to WCC budget sign off in March 2023, the indicative capital place plan budget in the General Fund for the North Paddington programme across financial years 22/23 to 25/26 is as follows:

- *The Capital Place Plan Programme approved budget is £4.868m. This includes money committed from the WCC Capital Programme alongside funding from the GLA, TFL and CIL. This has supported a range of Place Plan projects including WECH 'Watson' Gardens and Grand Junction and is funding the three identified Good Growth projects.*
 - *A further £2.667m has been included in the Capital programme, following the Good Growth Fund 'ambition review' - to support projects at Maida Hill Market, Harrow Road, and Westbourne Green projects. This uplift is subject to approval by Full Council in March 2023.*
 - Subject to approval by Full Council in March 2023, a further 'envelope' of up totalling £20m has been included in the Capital Programme profiled as to £5m per annum from 2023/24 – 2026/27 to be spent on priority projects within the three North Paddington wards.
- 10.2 WCC is in the process of agreeing its budget, and consideration of the proposed project prioritisation can be reviewed by the North Paddington Partnership Board as outlined in Section 5. This will grant approval of the allocation of budget, but approval for the spend for individual projects will need to be sought through the council internal governance processes as projects are identified.
- 10.3 All capital spend will continue to be monitored by WCC's Finance team and support will continue to be provided to avoid overspend where possible.

Revenue funding

- 10.4 Subject to final agreement of the 2023/24 Council budget, the **revenue** budget recommended for the North Paddington programme for financial years 23/24 is £0.750m within the General Fund.
- 10.5 Sign off for the allocation of all revenue funds to be granted to the Programme's Senior Responsible Officer, the Executive Director of Growth Planning and Housing.
- 10.6 The dedicated staff required for the Programme will be at a cost of £0.659m per annum (assumed each appointed at the middle of the band). However, if staff are ring-fenced to certain capital projects, the costs can be capitalised.
- 10.7 This will be reviewed once the programme is live.
- 10.8 Further non-pay costs of £0.090m have been identified. Subject to final agreement of the 2023/24 Council budget, it is proposed that the allocation of revenue funding will include areas such as investment in service transformation and helping WCC services deliver more responsively across North Paddington areas; tailored community projects delivered by WCC services to address local opportunities and issues locally including ASB; externally commissioned projects; supporting local people to manage the cost of living crisis and drawing on the expertise of the local voluntary and community sector.

- 10.9 The total Revenue fund outlined above (of the £0.750m) has been included in the Medium-Term Financial Plan for 2023/24 onwards to be approved by Full Council in March 2023. This was made up of an initial requirement of £0.500m, and a late amendment to the MTFP of £0.250m for the total of £0.750m.
- 10.10 Any requirements in addition to this amount will be incurred at risk, or if requirements become known will need to follow the appropriate approvals before spending is committed.

11 Legal Implications

- 11.1 The Council has a general power of competence under section 1 of the Localism Act 2011; this is the power to do anything an individual can do provided it is not prohibited by other legislation.
- 11.2 The Council has the power under section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate or is conducive or incidental to the discharge of its functions.
- 11.3 Section 3 LGA 1999 requires an authority "to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness" ("the best value duty"). It also obliges the authority to consult certain groups of persons "for the purpose of deciding how to fulfil the duty".
- 11.4 The Council also has a duty to consult with its secure tenants regarding any proposals under Section 105 Housing Act 1985. All consultation undertaken should be transparent, extensive, responsive, and meaningful.

12. Carbon Impact

- 12.1 There are no direct Carbon implications arising from the recommendations in this report. Each scheme will consider its carbon implications as part of its individual, normal governance processes.

13. Equalities

- 13.1 The Equality Act (2010) requires the Council when taking decisions to have due regard to the need to:
- a. eliminate discrimination, harassment, victimisation, or other prohibited conduct.
 - b. advance equality of opportunity between persons who share a relevant protected characteristic and those that do not share it;
 - c. foster good relations between those who share a relevant characteristic and those that do not share it.

- 13.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 13.3 The Council needs to pay due regard to its findings when exercising its functions and making decisions regarding impacts on local communities.
- 13.4 The Council has conducted a screening Equality Impact Assessment, which includes an assessment of the population data within the North Paddington area, and cross examined this against average borough-wide stats.
- 13.5 When reviewing recommendations, no initial adverse impacts were identified to any protected groups at this stage of the Programme (a copy of which is appended to this report as **Appendix 4**). Indeed, by the nature of the programme's ambition of reducing inequalities, positive impacts and opportunities were identified.
- 13.6 Further, it was found the Programme's delivery approach, to provide cross council support and embed continuous engagement with communities and local stakeholders, heightens opportunities to develop and foster economic opportunities in these areas, in turning improving community outcomes across groups.
- 13.7 When undertaking the assessment, the population data for the North Paddington area highlighted certain protected groups which are overrepresented in the North Paddington area:
- **Disability** – The North Paddington area occupies a higher-than-average number of residents with a long-term health problem or disability 28.13%. when compared to Westminster as a borough, 20.2%.
 - **Religion** – Within the Paddington area, on the average number of those identified as Muslims was far higher (31.6%) the borough Westminster's Muslim (20%) followed by no religion (25.9%).
 - **Age** (younger persons) -. On average, within the North Paddington area younger persons accounted for 17.16% of their populations. By comparison younger people account for approximately 13.1% as an average across Westminster.
 - **Race** - Data shows the North Paddington areas occupy a high proportion on Non-White groups (59.3%), particularly in relation to Black British, Caribbean, and African (17.9%). By comparison, the Non-white average Westminster population accounted for 44.8%, with 8.1% Black British, Caribbean, and African.
- 13.8 By using this population information, Programme decision makers may consider impacts when prioritising projects, particularly in relation to overrepresented groups.

13.9 As this is a long-term Programme, which takes account of demographic demands in these communities, all individual projects co-orientated under the Programme will be required to undertake their own detailed Equalities Impact Assessment, to determine whether their proposal will have any undue negative or positive impacts on the local communities and in particular protected groups.

14. Consultation

14.1. A key tenet of the programme is to work continuously with local communities across the 3 wards, to better understand challenges and opportunities from their perspective and involve them in the development of initiatives to improve community outcomes.

14.2 Consultation and engagement will be carried out on individual projects within the North Paddington programme where it is considered that there will be an impact on residents or service users that warrants consultation.

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Appendix 1: Map of North Paddington area

1. AREA MAP



1 Queens Park | **2** Harrow Road | **3** Westbourne

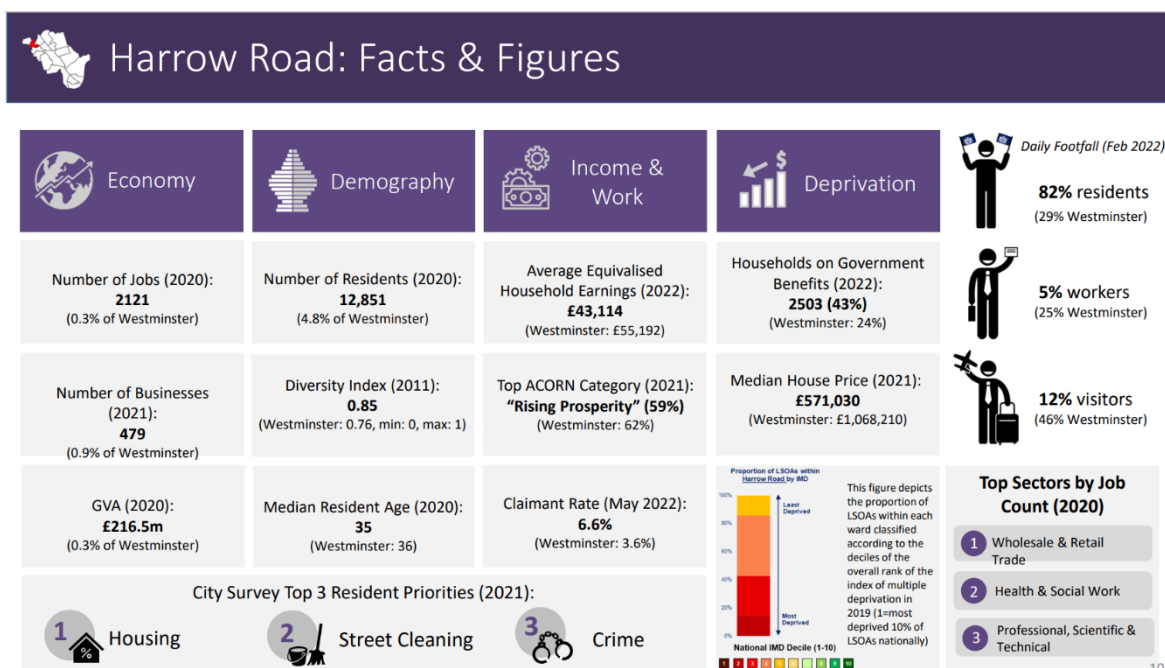


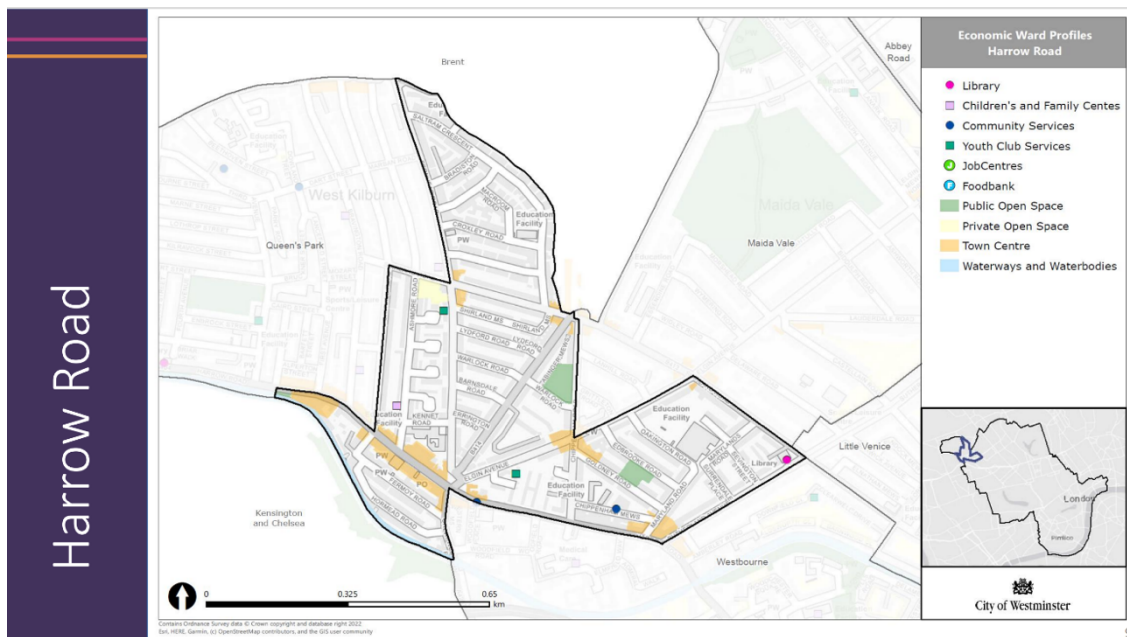
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Appendix 2 - North Paddington ward profile

I. Ward 1 - Harrow Road

Harrow Road is largely a residential area, with average household earnings approximately £10,000 lower than the Westminster average, while claimant rates are considerably higher, with the highest levels of deprivation concentrated in the centre and south-west of the ward. Residents in Harrow Road also have one of the lowest life expectancies in the borough. Health inequalities are not attributable to a single issue, but rather, derive from a complex mix of environmental and social factors locally. Further, frontline staff report a high incidence of substance use on local housing estates, which may contribute to poor health. Improving understanding of local health inequalities is crucial for designing more effective interventions.





II. Ward 2 - Queen's Park

Queen's Park ward is predominantly a residential area, and is located in the northwest of the borough. It includes Queen's Park Estate, built in a Gothic-revival style in the late nineteenth century. The average household income is c.£18k below the Westminster average, and the second-lowest average household earnings in the borough; thus, the rising cost of living is likely to have a disproportionately large impact here. 33% of residents claimed housing benefits in February 2021, a rate much higher than the England average of 11%, (Local Insights, 2022). In the 2021 City Survey, residents were particularly concerned with issues of crime, security, and safety, with youth crime a particular issue reflected in community listening sessions. The overall crime rate is higher than the average across England (Local Insights, 2020).



Queen's Park: Facts & Figures

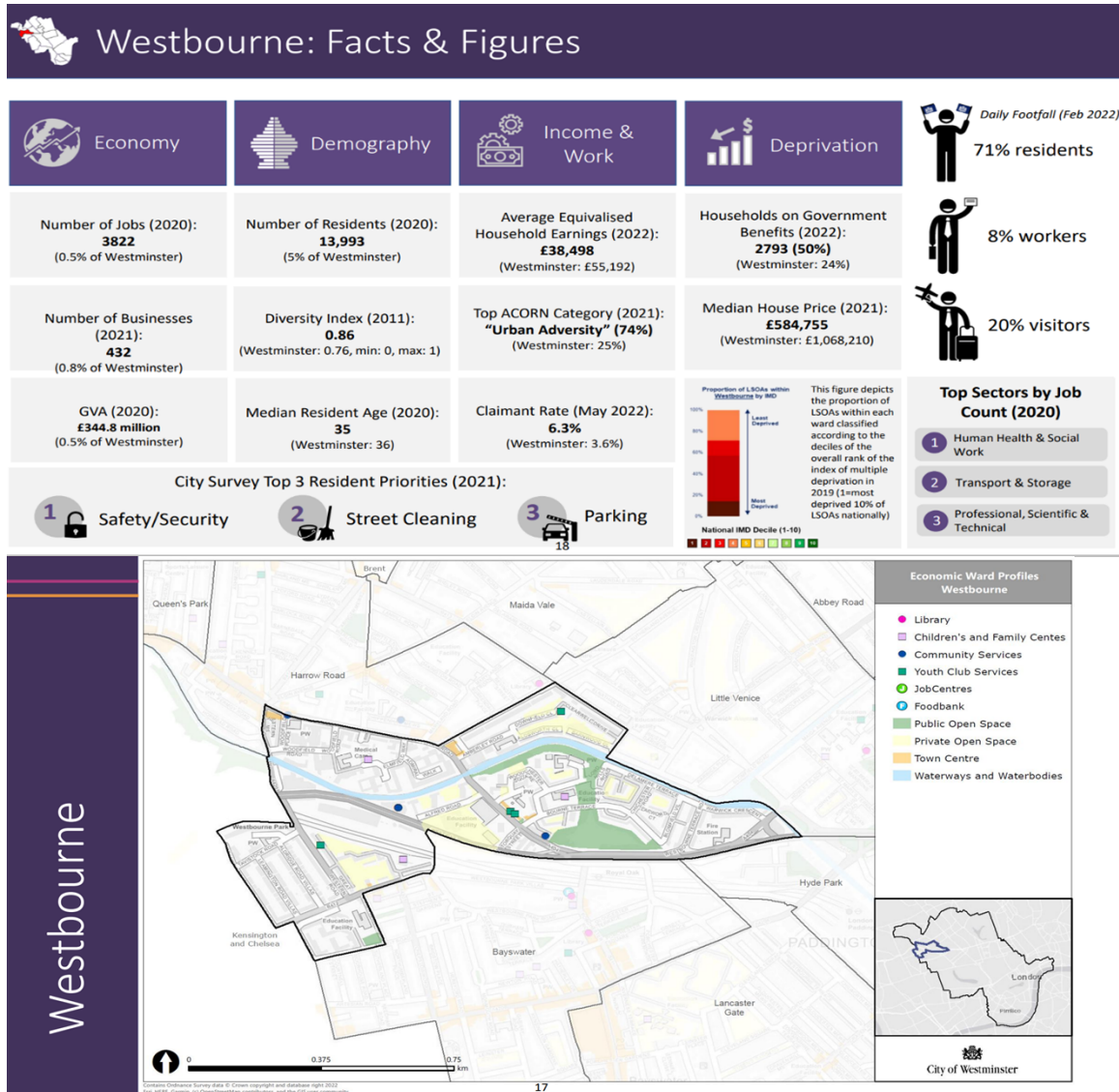
Economy	Demography	Income & Work	Deprivation	Daily Footfall (Feb 2022) 85% residents (29% Westminster)
Number of Jobs (2020): 1696 (0.22 % of Westminster)	Number of Residents (2020): 13,755 (5.1% of Westminster)	Average Equivalised Household Earnings (2022): £37,251 (Westminster: £55,192)	Households on Government Benefits (2022): 2820 (51%) (Westminster: 24%)	11% workers (25% Westminster)
Number of Businesses (2021): 398 (0.76% of Westminster)	Diversity Index (2011): 0.85 (Westminster: 0.76, min: 0, max: 1)	Top ACORN Category (2021): "Urban Adversity" (74%) (Westminster: 25%)	Median House Price (2021): £654,899 (Westminster: £1,068,210)	4% visitors (46% Westminster)
GVA (2020): £116.0m (0.2% of Westminster)	Median Resident Age (2020): 35 (Westminster: 36)	Claimant Rate (May 2022): 6.9% (Westminster: 3.6%)	Top Sectors by Job Count (2020)	
City Survey Top 3 Resident Priorities (2021):			1 Health & Social Work	
1 Street Cleaning	2 Crime	3 Safety/Security	2 Wholesale & Retail Trade	
			3 Education	



III. Ward 3 - Westbourne

Westbourne is a small but relatively densely populated ward (population density is 73% above the borough average) whose topography is dominated by a number of social housing estates, including Warwick Estate, Brunel Estate and Wessex Gardens. Low average incomes in this ward are associated with poor outcomes across a range of socio-economic outcomes. Average household income of residents is 33% below the Westminster average, a particularly concerning feature as households in this ward tend to have relatively high numbers of children (23% of the resident population in 2020 was estimated to be aged 0-15, a rate that is 6 percentage points higher than the borough average). Indeed, the fraction of children

who receive free school meals (45%) is 6 percentage points above the Westminster average. The index of multiple deprivation, which captures joint deprivation across such outcomes as employment, health, crime, and housing, reveals that nearly 60% of LSOAs in Westbourne experience outcomes poor enough to rank among the 20% most deprived LSOAs in the UK. Despite accounting for nearly 3% of Westminster's physical area, and 5% of residents, Westbourne hosts only 0.5% of jobs and 0.8% of employment.



Appendix 3

Future of Westminster Commission, North Paddington Programme

The emerging North Paddington Programme has been informed by the work of the Future of Westminster Commission's Economy and Employment Review Group. The Review Group began its work by looking at policies to strengthen local high streets, starting with Harrow Road. Given the high level of deprivation in the vicinity of the high street, after conversations with Cabinet Members, the group moved on to look at a holistic area-based approach. This approach builds on the City Plan's policy in relation to the North Westminster Economic Development Area, which calls for 'coordinated intervention to tackle persistent levels of inequality'.

The Council is now responding to the Commission's recommendations on North Paddington with a corraling of effort to develop and implement a comprehensive programme for the area.

The Economy & Employment Review group as part of its work looking at social value, recommended the establishment of a Westminster Anchor Institutions group, with partners from the private, public and voluntary sectors. Supported by pro bono consultancy, Bloomberg Associates, the group will have a particular focus on supporting the ambitions for North Paddington.

Furthermore, the Commission recognised that the focus on place provided a powerful way to integrate the work of its other workstreams. The Housing, Fairness & Equality, and Energy & Green Transition groups are looking at how they can contribute to the North Paddington Programme.

The review group considered that the following factors will be important to the North Paddington programme's success:

1. The Council and its partners will need to increase the scale of ambition for the area. This is already represented in the #2035 objective of halving the life expectancy gap of residents.
2. This needs to be supported by committing and, crucially, mobilising more resources and investment in the area, accelerating the delivery of key improvements, and increasing the council presence there.
3. There is enormous potential in further development of the partnership approach envisaged by the #2035 initiative. The council and its partners need to commit to a community led approach with strong, imaginative, continuous community engagement at its core.
4. One of North Paddington's assets is the local community and voluntary sector which provides a variety of support and services despite limited resources. It has deep links into the diverse communities and a strong track record in mobilising and supporting volunteers. These organisations should be supported to enhance their capacity to deliver vital services.

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Appendix 4



EQUALITY IMPACT ASSESSMENT TEMPLATE

Please download before editing

Completing an EQIA 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. EQIAs should be carried out at the earliest stages of policy development or a service review, and then updated as the policy or review develops. EQIAs must be undertaken when it is possible for the findings to inform the final decision.

SECTION 1:

Title	North Paddington Programme
<p>What are you analysing?</p> <ul style="list-style-type: none"> • What is the policy/project/activity/strategy looking to achieve? • Who is it intended to benefit? Are any specific groups targeted by this decision? • What results are intended? 	<p>The North Paddington Programme covers the 3 North-West wards Harrow Road, Queens Park and Westbourne, which aims to co-ordinate and support the delivery of a host of delivery projects, which will reduce inequalities, particularly in relation to health, wealth and safety.</p> <p>The Programme's governance structure aims to embed community engagement into the process from the offset by introducing and creating forums for council and community collaboration (from both community member and local strategic leaders).</p> <p>It is hoped the programme will enable the Council to improve its services by listening to community leaders lived expertise. This in turn will support internal decision making in relation to the delivery of the programme.</p> <p>All Community member from across the 3 wards are intended to benefit as this programme will offer more communities and platform to input their views and pledge investment and resource to improve the available economic, health opportunities and offer safer public realm and residential estate environments.</p> <p>The creation of the North Paddington programme stems from both deep dive analysis undertaken by the Council's Strategy and Intelligence service, which highlights the lower inequality levels in health, wealth and safety within the Northwest of the Borough by comparison the remainder of the borough.</p> <p>The results will lead to focused and more dedicates resource, investment and greater Council presence in the area and an approach which seeks to encourage and</p>

	<p>enable more community participation and collaboration, so that decisions and projects are better shaped by local residents and businesses.</p> <p>The Programme aims to utilise the feedback from the strategic local leaders and the public to deliver a transformative delivery programme which meets the needs of locals and prioritises projects based with community input.</p> <p>This programme is required to enable to the administration to fulfil its commitments and Fairer Westminster strategy.</p>
<p>Details of the lead person completing the screening/EQIA</p>	<p>Sarah Crampton, Head of Operation Delivery, Communities</p>
<p>Date sent to equalities@westminster.gov.uk</p>	<p>January 2023</p>
<p>Version number and date of update</p>	<p>1</p>
<p><i>You will need to update your EQIA as you move through the decision-making process. Record the version number here and the date you updated the EQIA. Keep all versions so you have evidence that you have considered equality throughout the process. However <u>only</u> the most updated version will be saved in the Equalities SharePoint folder. 1</i></p>	

SECTION 2: Do you need to complete a full Equality Impact Assessment (EQIA)?

Not all proposals will require a full EQIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

<p>2.1</p>	<p>Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal</p> <ul style="list-style-type: none"> <i>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.</i> <i>Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal</i> 	
	<p>How many people use the service currently? What is this as a % of Westminster’s population?</p>	<p>The North Paddington programme will cover the 3 north west wards in the borough; Harrow Road, Queen’s Park and Westbourne, in which projects will be undertaken.</p> <p>Population sizes 12,957 – Harrow Road 13,948 – Westbourne 13,755 – Queens Park</p> <p>These wards are highly residential in character and home 19.9% of Westminster’s residents (approximately 40,660 in total across the three wards out of a borough wide population of 204,236).</p>
	<p>Gender</p>	<p>Across the three wards there is a slightly higher female population (50.25%) compared with the male population.</p> <p>This compares similarly to Westminster as a borough, which has 51.6% females and 48.4% males.</p>
	<p>Race</p>	<p>According to Census 2022 results, 55.2% of Westminster’s population is White British, Irish or Other White, while the remaining 45% is from a different ethnic backgrounds. The largest ethnic group is Asian (16.8%), followed by Black British, Caribbean and African (8.1%), Other -Arab, Mixed and Other.</p> <p>The 3 wards have proportionately lower number of White populations</p>

		(average across the 3 wards - 40.7%) with a higher average of Black (British Caribbean and African) – 17.9% but similar levels of Asian populations.
	Disability	<p>These wards occupy a higher-than-average number of residents with a long-term health problem or disability. The average % across the 3 wards is 28.13%. The median percentage across the 3 wards is 28.1%.</p> <p>In terms of long-term health problem disabilities Westminster as a borough has of 20.2% of households that have one person with a long-term health problem or disability.</p>
	Sexual orientation	<p>Estimate figures from the Census tell us as a borough Westminster records 83.3% heterosexual with 5.48% LGBT+</p> <p>The average across the 3 wards (Harrow Road, Queen’s Park and Westbourne) is similar with on average 85.32% heterosexual and an average of 4% LGBT+.</p>
	Age	<p>The populations across the 3 wards are slightly younger than the borough average.</p> <p>Median average age across the three wards is 34.5, compared to Westminster as a borough which is 35.</p> <p>In terms of younger persons (15 and under), the Census 2022 data tells us, the borough has roughly 13.1% younger persons. By comparison, across the North Paddington wards (Harrow Road, Queen’s Park and Westbourne) - the average accounts for 17.16% of their populations.</p> <p>Older persons (65+) in the Borough as a whole accounts for 12.5%. This is slightly lower within the 3 North Paddington wards, with an average of 10.3%.</p>
	Religion or belief	As a borough, Westminster’s 2 largest religions in Westminster are Christian (37.3%) and Muslim (20%), followed by no religion (25.9%).

		By comparison Within the three wards Harrow Road, Queen’s Park and Westbourne the average percentage of residents who follow the Christian faith match the borough at 37.3%. The average number of those who do not follow a religion is lower at 19.7% while the average number of those identified as Muslims far higher at 31.6%.
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<p>2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.</p>	<p><i>Race - The population of these 3 wards show a higher proportion of non-White residents by comparison to the rest of the borough. In particular Black British, Caribbean and African residents constitute a higher percentage and could be considered an overrepresented group within the areas. Therefore, when delivering projects, programme manager within the programme would need to take this into consideration when reviewing the impacts of their project. This also needs to be considered in the engagement process and the prioritisation of projects when determining the delivery programme.</i></p> <p><i>Age - The population of these 3 wards is also younger by comparison to the remainder of the borough. Given this overrepresentation, project leads need to take this into consideration when developing their project plans, to ensure the are inclusive and accessible to a wide group.</i></p> <p><i>Disability - numbers across the 3 wards again is high by comparison to the overall borough’s percentage. Again, individual projects will be requested to take this into consideration before deliver project opportunities.</i></p> <p><i>Religion - Within the North Paddington area, on the average number of those identified as Muslims was far higher (31.6%) the borough Westminster’s Muslim (20%) followed by no religion (25.9%).</i></p>
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2.3	Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?
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<p>At this stage in the programme it is anticipated the approach will lead positive impacts across groups, as the ambitions are to promote greater collaboration with local stakeholder from diverse groups, so more community members are represented.</p> <p>As the programme continues and finalises outcomes with the Partnership Board, it is recommended an EQIA is undertaken to assess impacts.</p>																					
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 15%;">None</th> <th style="width: 15%;">Positive</th> <th style="width: 15%;">Negative</th> <th style="width: 15%;">Not sure</th> </tr> </thead> <tbody> <tr> <td>Men or women</td> <td></td> <td style="text-align: center;">X</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)</td> <td style="text-align: center;">X</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Disabled¹ people (consider different types of physical, learning or mental disabilities)</td> <td style="text-align: center;">X</td> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table>		None	Positive	Negative	Not sure	Men or women		X	<input type="checkbox"/>	<input type="checkbox"/>	People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Disabled ¹ people (consider different types of physical, learning or mental disabilities)	X		<input type="checkbox"/>	<input type="checkbox"/>
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Disabled ¹ people (consider different types of physical, learning or mental disabilities)	X		<input type="checkbox"/>	<input type="checkbox"/>																	

¹ Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

People of particular sexual orientation/s	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People in particular age groups (consider in particular children, under 21s and over 65s)	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact due to pregnancy/ maternity	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People of faiths and beliefs	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
People on low incomes	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If any of the answers to the questions above is, “negative” or “unclear” you will need to undertake a detailed impact assessment.

2.4	Based on your responses, should a full, detailed EQIA be carried out on the project, policy or proposal?
	<p>The Programme currently focuses on establishing and assembling the governance structure whereby the prioritisation of future projects is undertaken.</p> <p>That said, it is clear from the statistical data that this area includes higher numbers of groups with protected characteristics.</p> <p>With this in mind as the Programme encourages the continuous use of community engagement to steer prioritisation of projects, this will need to be considered and factored and raised with decision makers as it offers an opportunity to ensure these groups are better represented, and achieve better outcomes.</p>
2.5	Provide brief reasons on how you have come to this decision?
	<p><i>At this stage of the programme it is too early to conduct a full EQIA to support this, but it is recommended this is undertaken by all projects and at a high level as the programme matures and a programme of delivery is set.</i></p> <p>Any projects scheduled to run under the co-ordination and programme management of the Programme would then be required to undertake a full and comprehensive Equalities Impact Assessment, in order to establish whether the project’s activity would positively or negatively impact any of the protected groups.</p>

SECTION 3: ACTION PLAN

3.1 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.

Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.

NB. Add any additional rows, if required.

Page 137	Action Required	Equality Groups Targeted	Intended outcome	Resources Needed	Name of Lead, Unit & Contact Details	Completion Date (DD/MM/YY)	RAG
	N/A						
	N/A						
	N/A						
	N/A						
	<i>Enter additional rows if required</i>						



City of Westminster Cabinet Report

Decision Maker:	Cabinet
Date:	13 February 2023
Classification:	General
Title:	Pay Policy 2023-24
Wards Affected:	All
Key Decision:	No
Financial Summary:	No financial implications outside of projected budget
Report of:	Lee Witham, Director of People Services

1. Executive Summary

The Council is required to publish its Pay Policy by 31st March every year.

The Pay Policy brings together all of the Council's existing policies on pay and must include details in relation to all aspects of Chief Officer's remuneration, increases and additions to remuneration, bonuses, termination payments and remuneration on recruitment.

It must also include information about the relationship between the remuneration of its highest paid officer (the Chief Executive) and the median salary of all employees (the "pay multiple").

All pay data in the Pay Policy will use the snapshot date of 31st March 2022.

There are no major changes compared to last year's policy.

2. Recommendations

That Cabinet review and recommends the Pay Policy for 2023 – 2024 attached as Appendix 1 to full Council for approval.

3. Reasons for Decision

To note the draft Council's Pay Policy for 2023-24 which will need to be approved by full Council before its publication on our external website on 31st March 2023.

4. Financial Implications

No financial implications.

5. Legal Implications

The legal implications are set out in the attached Pay Policy 2023-24

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

Lee Witham, Director of People Services

lwitham1@westminster.gov.uk

APPENDICES:

Appendix 1 - Pay Policy 2023-24

Westminster City Council Pay Policy 2023- 2024

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.

The Council's Pay Policy is presented to full Council for approval on 8th March 2023. It brings together the Council's approach to pay and remuneration¹ which was approved by Cabinet on 27th August 2008 and is detailed in various Council policies. It is published on the Council's [website](#).

We are committed to diversity and inclusion, closing all pay gaps celebrating and recognising the contribution of all our people in a fair and transparent way and we will comply with 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 publishes salaries of Chief Officers and senior staff earning over £71,898 (FTE) and above on the Council's [website](#) in line with Local Government Transparency Code 2015.

Under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, mandatory gender pay reporting is required of all employers with over 250 employees from March 2018. The gender pay gap is a measure of the difference between men's and women's average and median earnings across the organisation. It is expressed as a % of men's earnings.

The gender pay gap data for Westminster City Council as at 31st March 2022 shows a mean gender pay gap of 7% and a median gender pay gap of 10%. The Council also publishes detail of its ethnicity pay gaps, showing the difference between the Global Majority (GM) and White employees pay as a percentage of White employees' pay. For 2022 there is a mean ethnicity pay gap of 13% and a median ethnicity pay gap of 12%.

Background

The Council implemented a Broad Band pay structure in 2008, the purpose of which 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 individual's performance, behaviour and contribution. In order to close the gender and ethnicity pay gaps, people leaders are expected to ensure

Notes

¹ Excluding some employees in Schools, JNC Youth Workers, Public Health and City West Homes staff that TUPE transferred into the Council and Soulbury staff.

fairness and equality within their teams both in recruitment decisions and when awarding step ups. At a Council wide level decisions on pay are monitored and where appropriate amended by ELT to ensure alignment to our goal of closing our pay gaps.

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 and former City West Homes staff who TUPE transferred into the Council and Soulbury staff.

The Council recognises the need to attract, recruit and retain the best 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, means that in exceptional circumstances it is difficult to recruit to key posts on the salary for the grade of the post. Where there is a genuine requirement, an annually reviewed Market Based Salary Supplement reflecting the difference between WCC salary and market pay rates is paid as a time bound and non-contractual addition to salary.

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 7 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 Leadership Team (ELT) Directors*
- All Directors / Deputy Director, Heads of Services

*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 their 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 their 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 their 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 Deputy Director and Head of Service levels 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 package² 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 payments which exceed £100,000

Employees are contractually entitled to be paid in line with the Council's Redundancy Compensation policy if they are made redundant. If a proposed severance payment exceeds more than £100,000 (excluding the capital cost of pension entitlement) and this is higher than the employee's contractual entitlement, which includes accrued and untaken holiday, then the approval of full Council will be sought before an offer is made to the employee.

Chief Officer Remuneration

Chief Executive (Head of Paid Service)

The Chief Executive was paid a spot salary of £221,352 per annum as at 31st March 2022.

The Chief Executive undertakes the role of Returning Officer. 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

Notes

² Including basic salary and professional fees, private health insurance (PHI) and lease car contributions where applicable but excluding pension contributions in accordance with the Local Government Pension Scheme regulations.

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

- Executive Directors (Executive Leadership Team) are paid at Band 7³ and Directors are paid at Band 6. The basic salary range for Band 6 is £108,873 - £149,469 and for Band 7 is £153,012 - £210,204.

Heads of Services are paid at Band 5. The basic salary range for Band 5 is £71,898 - £99,951.

Benefits

All Chief Officers are currently entitled to the following benefits:

- Private Health Insurance (PHI).
- Reimbursement of the payment of one professional membership fee relevant to the proper performance of duties (available to all staff).

In addition, Chief Officers appointed before 30 November 2011 are eligible for up to £234 per month contribution to contract car hire (this scheme is not available for any Chief Officer appointment made after 1st December 2011).

There is no cash alternative to the above benefits.

Rewarding your contribution

This scheme currently enables leaders to acknowledge exceptional contribution with a one-off reward that can be made at any time and, for best effect, as close to the event as possible.

Employees are eligible for one payment per year only.

All employees, including Chief Officers, can be awarded a Rewarding Your Contribution fixed payment of either £1,000 or £2,000, paid in a lump sum.

Amounts should not be linked to the individual's salary band or step. Therefore, it is expected that employees at all bands could be awarded either sum as appropriate in each individual case.

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

³ Broad Band salary figures in the document are as at 1st April 2022 unless otherwise stated.

- 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 whilst also considering Pay Gap impact. 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 should be in line with their skills, capability and impact on Pay Gaps. 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 performance, behaviour and contribution. Any pay progression cannot exceed the maximum of the relevant band.

Impact on Pay Gaps must also be considered and reviewed quarterly.

Closing WCC's Gender and Ethnicity Pay Gaps

In order to close the pay gaps, people leaders are expected to ensure fairness and equality within their teams both in recruitment decisions and when awarding step ups.

At a Council wide level decisions on pay are monitored and where appropriate amended by ELT to ensure alignment to our goal of closing our pay gaps.

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.

Redundancy Compensation

Statutory Redundancy Pay (SRP)

Statutory redundancy entitlement is payable if an employee has 2 years' service with an employer. It is calculated as follows:

For each complete year of service (subject to a 20-year maximum) depending on age:

- Service accrued up to age 21: a half week's pay
- Service accrued between age 22 to 40: one week's pay
- Service accrued at age 41 and over: one and a half week's pay

There is a cap on the maximum week's pay used and the current amount can be found [here](#).

Initial Compensation Payment (ICP)

ICP is the discretionary redundancy compensation payment the Council makes to employees whose employment is terminated due to redundancy or in the efficiencies of the service who have at least 2 year's continuous service with the Council on their last day of service. It includes and is usually more than SRP. ICP will only be paid to an employee if they do not exercise their entitlement, if over 55, to have a payment made into their pension fund for the waiving of reductions.

ICP will be payable subject to statutory limits of 66 weeks' pay maximum and based on no more than annual equivalent pay of £80,000 and will always be equal to or more than the SRP.

ICP is calculated as follows:

- (A) completed years of continuous local government service
 - (B) week's pay (actual but excluding overtime and honorariums)
 - (C) multiplying factor of 1.5
- $$(A) \times (B) \times (C) = \text{ICP}$$

The statutory maximum week's pay (which can be found [here](#)), is used where this is higher than actual weekly pay for full time staff (it is pro rata for part time staff).

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

The Council's definition of the lowest paid employee excludes staff based outside London. Employees on Band 1 Step 1 are defined as the Council's lowest paid employees. The full time equivalent annual basic salary of this Step in 2021-22 was £23,004. The Chief Executive's total pay (as at 31st March 2022) was £221,352, which was 9.6 times the lowest salary.

London Living Wage

In October 2022 the London Living Wage increased to £11.95. The Council's minimum full time equivalent hourly rate of pay to its employees (excluding apprentices) as of 1st April 2022 was £13,51, which exceeds the current LLW.

All London based apprentices are now paid above the London Living Wage, whilst those based outside London are paid in line with the National Apprentice Wage appropriate for their age.

Pay Multiple

The Local Government Transparency Code (2015), 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 pay⁴) as at 31st March 2022 was 5.35 i.e. the Chief Executive at 31st March 2022 (£221,352) earned 5.35 times more than the Council's median full time equivalent total salary of £41,346.

Notes

⁴ 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 31st March 2022. Pension contributions are excluded. Total pay for senior management and the Chief Executive also includes car lease contributions and the value of Private Health Insurance premiums, where taken. All payments have been made in line with Council policy and were pro-rated if applicable.

The Pay Policy for 2023-2024 reflects the statutory guidance issued by the DHLUC and will be amended in response to any further Government reforms to public sector exit payments as soon as these come into force.

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City of Westminster Cabinet

Decision Maker:	Cabinet
Date:	13 February 2023
Classification:	General Release
Title:	Business and Financial Planning 2023/24 to 2026/27
Wards Affected:	All
Key Decision:	Key Decision
Financial Summary:	This report sets out the Council's medium-term plan for the next four years and proposes the budget for the 2023/24 financial year
Report of:	Gerald Almeroth, Executive Director – Finance and Resources

1. Executive Summary

- 1.1. This report brings together the Council's business and financial planning and looks forward over the next four years to set out how it will support the Council's objectives under the new administration's Fairer Westminster strategy, supported by a medium-term financial plan. Cabinet is asked to consider the report and recommend its adoption to Full Council on 8 March 2023.
- 1.2. On 17 November 2022 the Government set out its Autumn Statement which detailed updated spending plans. The Chancellor also set out a new broad policy direction in three key areas: economic stability, economic growth and public services. On 12 December 2022 the Minister issued a Policy Statement for Local Government Finance, which set out the government's intentions for the local government finance settlement for the next 2 years, providing councils with greater certainty on key aspects of their funding to inform their budget setting process and help them their future planning. This was closely followed by the Local Government Finance Settlement on 19 December 2022. The settlement represents an increase in Core Spending Power for local government of 10.12% which includes Government assumption that authorities will take the maximum 5% council tax increase for 2023/24.

- 1.3. This report proposes a balanced budget for 2023/24, but still forecasts a gap of £56.8m over the following three years. Recognising the inflationary pressures and on-going cost of living crisis residents are experiencing it is proposed that for next year the budget includes a **freeze in the general element of council tax** and an increase of 2% for the Adult Social Care precept element. At Band D this will result in an annual increase of £9.37 or an equivalent weekly amount of 18p per week. When combined, the general element of council tax and adult social care precept, for Westminster, will rise from £468.54 to £477.91 at Band D.
- 1.4. The recommended General Fund budget of £193.611m is a net increase of £8.75m against last year. In broad term this includes significant inflation pressures of £32.2m (including a base increase rolled forward from the current year), Fairer Westminster/Cost of Living policy investments of £7.8m, service cost and income pressures of £19.5m, additional resources for adult social care of £6.8m and other changes of £9.9m; offset by net increased government funding of £14.0m, savings proposals of £25.9m and additional interest earnings of £20.8m. The balance is funded from the increase in the social care precept of council tax of £1.2m and £6.6m from earmarked reserves.

2. Recommendations

- 2.1. That Cabinet approve the following recommendations to Full Council for consideration at its meeting on 8 March 2023.

Council Tax

1. That the council tax for a Band D be agreed at £477.91 for 2023/24
2. That subject to the consideration of the previous recommendation, 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 2024, be as specified in the Council Tax Resolution in Appendix 6
3. That the Precepts and Special Expenses be as also specified in Appendix 6 for properties in Montpelier Square and the Queen's Park Community Council
4. That the formal resolution for 2023/34 attached at Appendix 6 including the council tax requirement of £64.974m be agreed
5. Note the proposed Greater London Authority precept (Band D) of £434.14, an increase of £38.55 in the adjusted Band D precept
6. That the Council continues the Westminster Community Contribution scheme to allow residents in the City to voluntarily contribute towards supporting discretionary services that support the three priorities of youth services, helping rough sleepers off the streets and supporting people who are lonely and isolated

Revenue Budget

7. To note the views of the Scrutiny Budget Task Group set out in Appendix 8
8. That the proposed General Fund net budget requirement of £193.611m summarised in Appendix 4 is approved
9. That the savings, pressures and investments for 2023/24 to 2026/27 set out in Appendix 1, 2 and 3, are approved
10. That the Equality Impact Assessments included in Appendix 7 are noted to inform the consideration of the budget
11. Note the Housing Revenue Account (HRA) Business Plan 2023/24 and 30-Year Housing Investment Plan presented concurrently to Cabinet on 13 February 2023 that recommends the HRA budget and rent levels for 2023/24

Capital Programme

12. Note the Capital Strategy 2023/24 to 2027/28, forecast position for 2022/23 and future years' forecasts summarised up to 2036/37 report also presented to Cabinet on 13 February 2023 that recommends the Council's capital programme and financing

Reserves, Balances and Budget Estimates

13. Agree the reserves policy as set out in section 10
14. Note the opinion of the Section 151 Officer with regards to the robustness of the budget process, the estimates underpinning the budget and the adequacy of the reserves in section 10

Treasury Management and Investment Framework

15. Note the Treasury Management Strategy for 2023/24 including the annual investment strategy, borrowing limits and prudential indicators summarised in this report and set out detail in a concurrent report on this agenda
16. Note the 2023/24 Integrated Investment Framework report also concurrently on this agenda, which sets out the policies and framework for future investment decisions for the Council

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 for the council tax for the forthcoming financial year. There is a statutory requirement to set a balanced budget and submit a budget return to central government. Approval of the revenue estimates constitutes authority for the incurring of expenditure in accordance with approved policies.

4. Delivering a Fairer Westminster

- 4.1. The Council launched its new Fairer Westminster strategy on 4 October to set out the outcomes it wants to deliver for the city, spread across five Fairer Westminster themes. These include:
- **Fairer Communities** – Inequality is reduced, everyone feels safe, adults can stay healthy, community and voluntary sector organisations prosper, and Westminster remains a great place for children to grow up.
 - **Fairer Environment** – Westminster is a net zero council by 2030 and a net zero city by 2040, air quality meets World Health Organisation guidelines, our streets are clean, recycling is increased, people are enabled to travel more sustainably, and people have access to high-quality services within 15 minutes from their homes.
 - **Fairer Housing** – The housing needs of people are met through greener and more genuinely affordable housing, homelessness is reduced, private rented sector properties are well managed, and our tenants and lessees are consistently satisfied with our housing services and the quality and energy efficiency of our housing stock.
 - **Fairer Economy** – Westminster remains economically successful, Oxford Street and the West End are revived and retain their position in the national economy, small businesses are supported to grow and remain, and residents have the right skills to take advantage of the city’s employment opportunities
 - **Fairer Council** – People can more easily find the information and services they need, the Council makes decisions more transparently, the Council is financially sustainable, and our procurement is responsible.
- 4.2. The Fairer Westminster strategy also sets out the values that will be embedded in the Council’s ways of working to achieve them: openness and transparency, partnership and collaboration, and diversity and inclusion.
- 4.3. Over the next 3 years, the Council will publish annual Delivery Plans that set out in more detail the priority actions that will be undertaken to achieve the Fairer Westminster strategy (in concert with the medium-term financial plan). This first Delivery Plan will cover 2023/24.
- 4.4. The Council’s processes to develop the budget and medium-term financial plans will ensure resources are applied in a way that most effectively and efficiently achieves the Council’s Fairer Westminster ambitions.

4.5. Some examples of how the Council has already delivered on its Fairer Westminster ambitions are set out below:

Fairer Environment

- Accelerated the roll-out of secure cycle parking hangers, with 154 now on street and 90 more planned by 2023
- Launch of the carbon impact evaluation toolkit (CIET) to help determine the carbon implications of council projects and activities
- Signed the Green Finance Institute's Local Climate Bond Pledge bringing the Council a step closer to meeting its net zero carbon commitments and launch the green bond.
- Agreed to install 500 more Electric Vehicle charging points in Westminster

Fairer Housing

- Increasing delivery of truly affordable homes of at least 160 new social rented homes in Westminster and outlining the way that major regeneration schemes can deliver a further 100 or more social homes
- Created a new role in the council to tackle empty homes in Westminster
- Purchased 17 homes with the assistance of the Right to Buy Back fund and will continue to work with the Mayor of London to access further funding to build and acquire more affordable housing

Fairer Economy

- Began developing new options for investment in the West End, including Oxford Street and Soho
- Successfully lobbied the government to protect important local high streets, such as Harrow Road, from indiscriminate conversion of retail shops to residential accommodation.
- Completed the transformation of Strand Aldwych into a welcoming public space

Fairer Council

- Launched the Future of Westminster Commission that will focus giving residents and communities a far greater say in Council decisions and service.
- Leading on the London-wide Census campaign to protect funding for the city

- Continued distribution of the Household Support Fund to support vulnerable residents
- Updated the Council's Responsible Procurement and Commissioning Strategy, providing a stronger focus on workers' rights, a more holistic and ambitious approach on climate action and more robust action on tackling modern slavery and exploitation

Fairer Communities

- Funding school lunches for all Key Stage 2 children who attend a Westminster primary school, for an initial period of 18 months at a cost of £2.7m to help families manage the cost-of-living crisis.
- In addition, investing over £10m to support residents through the cost-of-living crisis
- Issued £150 council tax rebate issued to 50,213 households, with 42,203 falling under the main scheme and 8,010 under the discretionary scheme.

5. Key areas of consideration

Macro-Economic Outlook

- 5.1. This year has seen significant economic instability within the UK and global markets driven by high rates of inflation created by the war in the Ukraine and the lingering challenges in the global supply chain post-pandemic and Brexit. The Office for Budgetary Responsibility (OBR) has noted that the medium-term fiscal outlook for the UK has materially worsened since they issued their forecast in March 2022 due to a weaker economy, higher interest rates and higher inflation.
- 5.2. The challenges above have seen economic recovery stall following the pandemic and a requirement for additional government support for people and some businesses as the cost of living is now having an impact. The OBR expects CPI inflation to have peaked at 11.1% in the final quarter of 2022/23 which is a 40 year high. Current forecasts show inflation is expected to drop sharply to an average of 5.5% in 2023/24 before returning to the 2% target in the following years.
- 5.3. Linked to rising inflation the Bank of England have also raised the interest rates to 3.5% in December the highest level for 14 years. The Bank of England is trying to restrict rising prices using monetary policy action. Interest rates are expected to increase further slightly and then fall in the medium term once inflation reduces.
- 5.4. Unemployment is set to rise by 505,000 from 3.5% to peak at 4.9% in the Q3 2024. Public sector net borrowing was £133bn (5.7% of GDP) in 2021 and is forecast to rise to £177bn (7.1% of GDP) in 2022. Thereafter it falls in each of the five-years 2023 to 2027 inclusive, ending the forecast period at £69.2bn (2.4%). Total UK debt is now £2.5 trillion and 99.5% of GDP.

Cost of Living Support

- 5.5. With inflation remaining at a 40-year high, the impact on resident households has been challenging. An estimated 31,000 households in Westminster are especially impacted as they spend greater shares of their income on fuel and food. Data analysis suggests that the cohorts of residents most affected are:
- Single people on low incomes (on benefits or in work)
 - Families with children
 - Pensioners
 - Those with disabilities
 - Residents in the most deprived wards in Church Street, Queens Park and Harrow Road, although residents in all wards are affected
- 5.6. In July 2022 the council launched a Cost-of-Living Strategy (<https://www.westminster.gov.uk/cost-of-living-support>) setting out a plan to help residents through the crisis. This was followed by the Council declaring the cost-of-living crisis an emergency in September 2022.
- 5.7. In response a total package of £9m of support has been made available to date with an extra £1m proposed for 2023/24 giving a total of £10m. This support is funded from a variety of sources; both from Government and the Council.

Autumn Statement – 17 November 2022

- 5.8. On 17 November the Chancellor announced the Autumn Statement 2022, which outlines the government's spending plans for 2023/24 to 2027/28. The key announcements effectively reversed many of the announcements made at the September "mini-budget".
- 5.9. The key announcements made in relation to local government were:
- Local Authorities were given the option to raise core council tax by up to 3% without a referendum. This is a 1% increase on the former 2% referendum limit. Additionally, there is the ability to increase the Adult Social Care (ASC) precept element of council tax by 2% (1% previously). For context, a 1% council tax increase in Westminster raises c£0.630m per annum;
 - Implementation of the planned social care reform has been delayed until October 2025. Planned funding of the reforms has been retained and ring-fenced for social care to pay for demand pressures. In conjunction with this announcement, government also made available an additional £2.8bn Adult Social Care funding, within which government assumed that authorities would take the full 2% ASC precept;

- An extra £1bn will be allocated to local authorities for social care via the Better Care Fund (£600m) and through a ringfenced ASC grant (£400m) in 2023-24, rising to £1.7bn in 2024/25;
- The business rates multiplier will be frozen in 2023/24 and local authorities will be fully compensated for any loss of income through a Section 31 grant;
- Social housing rents are to be capped at 7%. The current policy of CPI+1% was set at a time when inflation was around 2%. However, CPI for September 2022 was 10.1%, which under the current rules would permit social housing rent increases of 11.1%. The government have directed that the maximum increase be 7% rather than 11.1% for 2023/24. There is no compensation from the government for lost income to the Housing Revenue Account (HRA) which represents an opportunity cost of around £3.2m per annum from 2023/24 for Westminster;
- The school's budget (Dedicated Schools Grant) will increase by £2.3bn in each of next 2 years above the Spending Review (SR21) level;
- Support for energy costs extended to April 2024 but scaled down. Average cost capped at £3,000 from £2,500 (2023/24);
- Targeted support for the Cost of Living for low income, pensioner and those on disability benefits and full changes to Universal Credit delayed to 2028;
- Business rate revaluation in April 2023 has been softened by a transitional scheme that cushions the increases of rate rises and allows the full reduction to be passed to those with lower bills;

Provisional Local Government Finance Settlement 2023/24

5.10. After the Policy Statement issued by the Minister on 12 December 2022, the provisional 2023/24 Local Government Finance Settlement was published the following week on 19 December 2022, in a Written Ministerial Statement to the House of Commons by the Rt Hon Michael Gove MP, Secretary of State for Levelling Up, Housing and Communities (DLUHC). It outlines provisional funding allocations for local authorities for 2023/24 and together with the policy statement gave an outline of expected funding through to 24/25.

5.11. Council funding comprises two main elements, government funding and local taxation through Council Tax and Business Rates.

Government Funding

Core Spending Power (CSP)

5.12. Core Spending Power is a measure of the total revenue funding available to authorities and includes government assumptions on a maximum increase in

council tax and business rates income (including compensation for under indexing) as well as growth in the council tax base. Nationally council tax is around 60% of the total Core Spending Power (but only 34% in Westminster)

5.13. The Department of Levelling Up, Housing and Communities (DLUHC) measure for 2023/24 is that CSP will increase in cash terms by 9.2% across England. Westminster's equivalent indicative CSP as calculated by government is a 10.1% increase on 2022/23. However, Westminster's actual CSP increase will be lower at 8.1% 2022/23 because of several factors:

- the government assumes the full 5% council tax rise will be taken; this report proposes that it will only rise by 2% for the adult social care precept;
- the council tax base growth at 0.7% in Westminster is less than the national average assumption used;
- CSP is calculated using National Band D averages and Westminster is significantly below that national average, and;
- the Council's business rates position for 2023/24 remains at safety net position. Any compensation for under-indexing the business rates multiplier will mitigate safety net losses rather than constitute additional budget.

5.14. A summary of the Council's funding settlement in comparison to 2022/23 is provided below:

	CSP	CSP	Change	Change
	2023/24	2022/23		
	£m	£m	£m	%
Settlement Funding Assessment (SFA)	128.6	121.6	(7.0)	5.8
Improved Better Care Fund	17.6	17.6	0.0	0.0
Social Care Grant	26.5	17.2	(9.3)	54.1
Lower Tier Service Grant	0	1.7	1.7	-100.0
Service Grant	3.5	6.2	2.7	-43.5
New Homes Bonus	0.2	2.3	2.1	-91.3
Market Sustainability and Fair Cost of Care Fund	3.1	0	(3.1)	100.0
Market Sustainability and Improvement Fund	0	0.9	0.9	-100
Discharge Fund	2.5	0	(2.5)	100.0
Consolidated Grants	0	0.8	0.8	-100.0
Sub-Total	182.0	168.3	(13.7)	8.1%
Council Tax max rise govt assumption 5%	67.3	63.3	(4.0)	6.3
Compensation for Business Rates Relief	16	9.2	(6.8)	73.9
Total Core Spending Power	265.3	240.8	(24.5)	10.1%
Total Core Spending Power	265.3	240.8	(24.5)	10.1%

Settlement Funding Assessment (SFA) - £7.0m increase for Westminster

5.15. The settlement funding assessment is the core government funding for local authorities and includes a national redistribution of locally collected business rates and incorporates the previous formula revenue support grant funding. The Government has confirmed total SFA nationally will increase by £789m from £14.9bn to £15.7bn. The Council's SFA has increased from £121.6m to £128.6m, representing an increase of 5.8%. This is slightly higher than the national increase of 5.3%.

Improved Better Care Fund (iBCF) – nil increase for Westminster

5.16. Improved Better Care Fund (iBCF) will continue at the same level as in 2022-23 (£2.1bn), with London Boroughs receiving £346m (16.3%). The grant will continue to be required to be pooled as part of the Better Care Fund. For Westminster this is £17.6m.

Adult Social Care Funding

5.17. The government announced increased in social care funding in the Autumn Statement which included a maximum increase of 2% Adult Social Care precept. Government fully expects Local Authorities to take the precept to assist in paying for adult social care pressures. Four separate grants have been given for social care alongside the precept:

- Social Care Grant – increased from £17.2m to £26.5m an increase of 53%
- Market Sustainability and Improvement Fund – this includes recycled funding from the money previously announced for ASC reforms.
- Improved Better Care Fund – this has remained cash flat in 2022/23 and remains at £17.6m
- Discharge Grant – a new grant for which Westminster have received £2.474m.

The additional funding for social care is intended to support improvements to adult social care and to address discharge delays, social care waiting times, low fee rates and workforce pressures in the adult social care sector

Lower Tier Service Grant – £1.694m decrease for Westminster

5.18. The un-ringfenced Lower Tier Services Grant (introduced in 2020/2021) has been scrapped from 2023/24 onwards. This is a reduction of £1.694m to the Council. The government plan to use this grant fund the minimum 3% guaranteed funding to local authorities to ensure that no authority has a cash terms cut in CSP in 2023/24. No London Borough will receive the funding guarantee in 2023/24.

Services Grant - £2.72m decrease for Westminster

- 5.19. Whilst originally intended to be a one-off grant this will continue in 2023/24 whilst the methodology used is the same as previous years the government has confirmed that the funding will be reduced the funding award allocated to authorities to support the increase in National Insurance contributions now that decision has been reversed. A further amount has also been top sliced to pay for additional supporting families funding. For Westminster this results in a £2.72m reduction and the grant will continue to be paid in 2024/25.

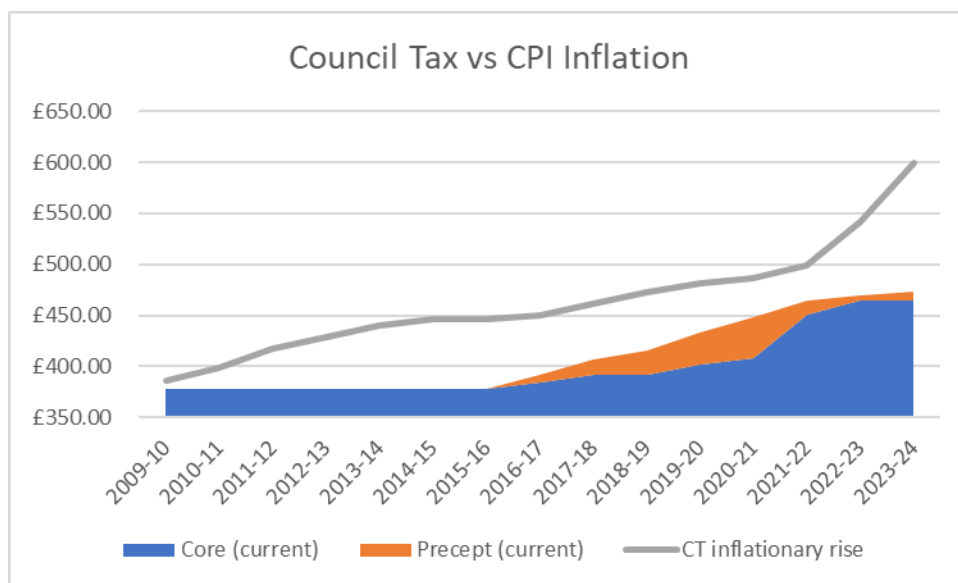
New Homes Bonus (NHB) - £2.095m decrease for Westminster

- 5.20. The New Homes Bonus is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. As part of the national allocation of NHB the Council will receive £0.155m in 2023/24 which is a reduction from 2022/23 of £2.095m. Government has made clear its intention that NHB would be phased out since 2021/22. The Council has therefore budgeted for the fall in NHB with a tapering to zero from 2024/25.

Local Taxation

Council Tax

- 5.21. Westminster City Council's council tax charge, in 2022/23, is the lowest in the country at £468.54 per annum for a Band D property. Any increases to council tax are capped at the following levels (as announced in the Autumn Statement 2022):
- Up to 2.99% maximum "core" increase, the general element of council tax for all services, an increase of 1% on the previous limit
 - 2.00% adult social care precept, an increase of 1% on the previous limit.
- 5.22. The purpose of this cap is to ensure that 'excessive' council tax increases occur only where authorities have a clear mandate from local people through a referendum.
- 5.23. Given that December CPI inflation stands at 11.1%, any council tax increases up to the referendum cap would remain well below inflation. The graph below highlights the Band D council tax charge since 2009/10 (including the ASC Precept) compared with the cumulative CPI levels. It shows that council tax has remained consistently below inflation for over 10 years. The grey line in the graph below shows that council tax would be approximately £600 per annum had it increased in line with inflation:



- 5.24. For every 1% increase to Band D council tax, the Council generates approximately £0.630m funding. For 2023/24, the Council **proposes a freeze on the core element of council tax** with a 2% increase on the Adult Social Care Precept. A 2% increase on a Band D property equates to a £9.37 per annum increase or 18p per week.
- 5.25. Additionally, the Council has retained council tax support scheme at 100% funded for working age residents. Further details of this scheme are set out in Section 11 of this report.

Other Funding

Household Support Fund (HSF)

- 5.26. In 2021, the government announced the vulnerable households across the country would be able to access a new support fund to help them with essentials over the winter. Initially expected to run to 31 March 2022, HSF has since been extended twice to run until 31 March 2023, first from 1 April to 30 September 2022, and then again from 1 October to 31 March 2023. The total HSF allocated to Westminster during 2022/23 was £3.9m, all of which must be spent by March 2023.
- 5.27. It was announced in the Autumn Statement that HSF would continue for a further year to 31 March 2024. Local allocations are yet to be announced but Westminster's forecast allocation remains at £3.9m.
- 5.28. Further announcement of £100m for Council Tax Support Fund for 2023/24 of which Westminster will receive just over £400k to support local residents. Details on how the Council has supported its residents during the cost-of-living crisis is outlined in paragraph 5.5.

Dedicated Schools Grant (DSG)

5.29. The table below shows the 2023/24 DSG and mainstream schools additional grant funding allocations for Westminster. The provisional 2023/24 allocation (before the deductions for payments to academies) has increased by £6.498m (3.6%) from 2022/23 to £185.017m.

Block	2023/24	2022/23	Change	Change
	£m	£m	£m	%
Schools (including supplementary grant added to 2022/23 baseline) *	125.352	127.223	-1.871	-1.47%
Mainstream schools additional grant (MSAG)	4.423	0.000	4.423	
Sub total Mainstream Schools	129.775	127.223	2.552	2.01%
High Needs including additional DSG funding**	41.587	37.658	3.929	10.43%
Central School Services	0.954	0.997	-0.043	-4.31%
Early Years incl teacher pay grants***	12.701	12.641	0.060	0.47%
Total	185.017	178.519	6.498	3.64%
<p>*Allocation before deduction for academies and include the School Supplementary Grant in 2022/23, which is included in the Schools Block from 2023/24. **Allocation before deduction for academies high needs places. The provisional High Needs allocation will be updated by March 2023. ***Early Years allocation is provisional currently for both years.</p>				

5.30. The schools block allocation is mainly driven by pupil numbers which have reduced by 620 (149 were Afghan evacuees temporarily on roll) to 17,257 and the block has increased by 2% per pupil. After specific funding agreed to support schools with falling rolls the total budget delegated to schools is showing an average 2.5% per pupil increase. Once the Mainstream Schools Additional Grant is taken account of the increase is 6.1% per pupil. Every school has an increase of at least 3.6% per pupil compared to 2022/23 funding.

5.31. Funding increases will cover the full year impact of the 2022/23 pay awards for teachers and non-teaching staff. However, the pay awards in 2023/24 and inflationary increases (e.g. energy) will not be covered if they are above 5%. Schools with falling rolls continue to be in a challenging budget position and are being supported.

5.32. The high needs block includes additional funding of £1.669m in 2023/24, this extra resource will be allocated to special schools and Alternative Provision (AP) Academies to help manage their cost pressures. The significant increase of 10.4% recognises the continuing high demand for SEND that has arisen since the Children and Families Act was implemented in 2015.

5.33. The net increase in early years block funding corresponds to the increase in 2 and 3-4 year old funding rates, partly offset by a reduction in the maintained nursery school (MNS) supplement rate of approximately 12% (including TPPG). The funding for 2022/23 and 2023/24 will be updated to reflect later early years census data. The majority of the funding is passed to providers both in maintained schools and private, voluntary and independent settings. The DfE have increased the hourly rate for 3 and 4 year olds and the pass-through rate will increase from £6.80 to £7.00 (+3%) per hour for providers. The hourly funding rates for eligible 2 year olds has increased from £6.87 to £7.56 (+10%). Children's Services retains a 5% element of early years funding to support the coordination of central services, and the impact of any reductions on these budgets is expected to be small. This will be further quantified along with details of the final settlement once figures are confirmed in July 2023.

5.34. In addition to the DSG, mainstream schools will be allocated additional funding through the mainstream school's additional grant (MSAG) in 2023/24. Schools will have the flexibility to prioritise their spending of the MSAG to best support the needs of their pupils and staff and address cost pressures. The Indicative allocation of the MSAG for Westminster is £4.423m. Final allocations for the MSAG will be confirmed in spring 2023.

Homelessness Prevention Grant (HPG)

5.35. The government announced £6.8m funding for the Homelessness Prevention Grant in 2022/23. This was the same as the previous year. However, in December 2022, Westminster received confirmation of a £1.1m top-up payment to relieve some of the winter pressures being faced. Westminster have received an allocation of £6.9m of HPG in 2023/24, rising to £7.0m in 24/25.

Public Health Grant

5.36. An announcement on the Council's Public Health grant for 2023/24 is expected in March 2023.

6. Budget Gap

- 6.1. The estimated four year budget gap as reported to Cabinet in July 2022 was £61m from 2023/24 to 2026/27. The 2023/24 gap was reported as £10.9m.
- 6.2. Work has continued through this financial year to prepare savings proposals, manage the various cost pressures including the unprecedented impact from inflation, and to prepare investment proposals to inform the medium-term financial plans. In November the government's Autumn Statement was published and then the announcement of the local government finance settlement followed on 19 December 2022. This report proposes a balanced budget for 2023/24 and shows a remaining forecast gap of £56.8m over the following three years. The overall changes in the budget are summarised below:

Changes Since July 2022	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m
Budget Gap - July 2022	10.886	15.881	17.27	17.262	61.299
Service Specific Items:					
New Savings	(15.253)	(5.995)	(3.635)	(3.615)	(28.498)
New Pressures	19.597	1.185	0.000	0.000	20.782
Fairer Westminster Investments	6.799	1.393	0.100	(0.235)	8.057
Cost of Living	1.000	(1.000)	0.000	0.000	0.000
Changes to Existing Savings	(1.147)	0.000	0.000	0.000	(1.147)
Subtotal	10.996	(4.417)	(3.535)	(3.850)	(0.806)
Funding:					
Changes since the provisional LG settlement - December 2021	(16.315)	(12.093)	3.685	0.179	(24.544)
Corporate Changes:					
Interest Earnings	(20.821)	6.000	5.000	4.000	(5.821)
Inflation	17.726	1.571	2.444	2.449	24.190
Business Rates Safety Net	6.800	(6.800)	0.000	0.000	0.000
Other	4.077	(0.664)	1.098	(2.000)	2.511
Subtotal	7.782	0.107	8.542	4.449	20.880
Budget Gap Before Use of reserves	13.349	(0.522)	25.962	18.040	56.829
Use of Reserves	(6.549)	5.156	1.293	0.100	(0.000)
Business Rates Reserve	(6.800)	6.800	0.000	0.000	0.000
Budget Gap	(0.000)	11.434	27.255	18.140	56.829

- 6.3. New **savings** of £28.498m are proposed over the planning period to 2026/27. Each proposal is listed in Appendix 1. Most of the new savings proposals fall in 2023/24 and further savings will require identification as the medium term planning period progresses.
- 6.4. Savings from cost reductions have been identified and come from a variety of sources, for example:
- procurement efficiencies as contracts come up for renewal
 - efficiency savings through service model reviews and demand prevention
 - reduced revenue costs through asset renewal, for example, new electric waste vehicles and electrification of cleansing service
 - energy savings through reduced carbon footprint of operational properties
- 6.5. Some income levels have shown improvement following the Covid-19 pandemic. Where this is the case, a prudent increase is proposed for next year. Fees and charges have also been reviewed in the context of maintaining cost recovery on the delivery of those services. Some examples on where income will support the 2023/24 budget position are:
- income arising from corporate property portfolio
 - improved, post-pandemic activity on commercial waste
 - improved use of grant income to support social care services
 - fees and charges review (approved at Cabinet in December 2022)
- 6.6. The new administration, in setting out its Fairer Westminster vision has identified its initial **investment** priorities. For the general fund revenue budget (Capital and HRA shown in concurrent reports) these total £8m over four years, details of those investments can be seen at Appendix 2. The key areas are outlined below:
- Universal Free Primary School Meals - To fund free school meals for all primary pupils during term time (infant FSMs are already funded by government grant)
 - School Uniform Support Grant - Continue funding the recently established School Uniform Support Grant Scheme
 - Improving Mental Health (Adult Social Care) - This scheme will provide a unique environment for people to learn new skills or enhance their existing talents in a range of life skill activities set up in a supportive and engaging environment.

- Youth Sector Investment – a range of youth sector support, including support for activities during half-term holidays, additional support for Youth Hubs and Youth Council
- Climate Action Team investment – embedding specialist climate action capability to ensure that that the Council can meet its target to reach net zero council by 2030 and for the whole city to be net zero by 2040.
- Responsible Procurement Strategy – investment to increase the number of local, Small and Medium-sized Enterprise (SME) and minority led businesses and organisations in the Council’s supply chain, allowing Westminster to retain a higher proportion of the Council’s spend within the City
- Tech Lions apprenticeship investment - As part of the Council’s commitment to support residents in employment opportunities and develop fulfilling careers the Council is aims to recruit a cohort of 20 apprentices aged 16–24 as part of its Tech Lions 2.0 apprenticeship campaign. With a focus on maximising resident appointment, this initiative will bring in young talent into the organisation and help them develop as future digital leaders

6.7. New **service pressures** total £19.5m over the next four years. Service pressures arise from a combination of increased demand, reduced income levels in certain commercial income streams and changes in Council priorities. Pressures are set out in full in Appendix 2. The key pressures are:

- Temporary Accommodation (TA) – the number of households housed in TA has been well managed by Westminster in recent years, with numbers remaining relatively static (c2,750 households) despite demand pressures. However, 2022/23 has seen a significant cost pressure materialise. It is recognised that market pressures are having a significant impact in London, and most acutely in inner London. Independent market research concluded that private sector rents increased by over 21% in Westminster, the second largest growth across the capital. This market pressure has seen the cost of leased TA rise significantly in 2022/23. With the rents that Westminster can charge for this accommodation effectively capped at historic local housing allowance rates, the net cost of TA is increasing. Compounding this cost pressure, further anticipated demand pressure driven by other factors such as the cost-of-living crisis and assistance for Ukrainian refugees.
- Adult Social Care – increased demand for client and care packages in respect of learning difficulties, acute needs, and mental health
- Short Breaks – increased demand for Westminster’s short break service. Short breaks enable disabled children, young people and adults to have time away from their carers, explore new opportunities, have fun and broaden their social networks whilst promoting independence.

- SEND transport – increase in numbers of children with support plans and therefore increased need for home to school transport
- Parking - demand for on street parking and permits in Westminster has shown a slow decline for several years, and while now largely recovered from pandemic effects that underlying trend has continued with demand for on-street parking currently 2.5% below 2019/20 levels. This reflects trends reported by Department for Transport which show fewer vehicle journeys in Westminster and is linked to an uptake in active travel, home working and online shopping.
- Public Protection and Licensing - Tables & Chairs licencing legislative changes introduced under the Business and Planning Act 2020 created a new Pavement licensing regime during the pandemic. The Pavement licences are capped at £100 and do not require premises to apply for planning permission. Licences under the act continue to be available until September 2023. The new Levelling and Regeneration bill if passed into law will result in lower fees than were previously set by Westminster, under the City of Westminster Act 1999.
- Planning Income – Activity in this area has reduced significantly since the pandemic. Applications, particularly in the higher fee earning major applications, have reduced by as much as 67% since before the pandemic.

6.8. **Corporate budget changes** and variations: several corporate pressures have been recognised in the budget process during this year. These are mainly:

- Inflation: a further £24m of pressures for inflation has been included. This includes inflation costs above budget carried over from the current year of £11m. This is in recognition of the higher rate of CPI (10.7% in November 2022), increases in utility prices and pay inflation. The Council will continue to review different indices and negotiate appropriate inflationary increases in contracts rather than just apply the general inflation index. Provision for next year's pay award has been made at 5%. Over the medium term it is assumed that inflation will remain high during 2023/24 before reducing to below 2%.
- Interest Earnings: interest rates have steadily increased over the course of 2022/23, starting from 0.75% in April 2022 and rising to its current position of 3.5%. This means that the Council's investment earnings are set to increase in the short-term, increasing income by a further c£20m on average cash balances of £1bn in 2023/24. This additional income is expected to reduce from 2024/25 as cash balances reduce from expenditure related to the capital programme and interest rates fall.
- Business Rates Safety Net: the Council forecasts that its business rates collection position in 2023/24 will be at safety net as a result of reduced collection following the Covid-19 pandemic. The maximum loss that the Council can incur is 7.5% of the baseline position which is £6.8m in 2023/24.

The government underwrite any losses beyond that so is not a financial risk for the authority. This £6.8m loss will be mitigated by one-off use of Business Rates risk reserve to balance the 2023/24. Business rates collection is expected to return to baseline in 2024/25.

7. 2022/23 Forecast Outturn Position

- 7.1. The budget monitoring position at the end of September 2022 is forecasting an overspend of £5.8m against the approved net budget. This is largely the impact of increased inflationary pressures affect council services, contract negotiations and pay awards. There are further pressures from Temporary Accommodation and continuing income challenges from Planning and Parking.
- 7.2. The estimated ongoing impacts of these variations, aligned to the government's economic growth forecast, have been considered in the budget for next year.
- 7.3. Work is continuing to review the current position and consider actions to reduce the overspend. The final position will be covered from the Council's general fund balance.

8. Pension Fund

- 8.1. The City of Westminster Pension Fund includes the City Council's pension obligations as well as those for several other admitted and scheduled bodies, including academies.
- 8.2. The triennial valuation of the Westminster Pension Fund was completed by the Council's actuary as at 31 March 2019. The latest actuarial report values the future liabilities of the Pension Fund and sets the employer's contribution rate for the three years from 2020/21 to 2022/23.
- 8.3. The actuary reported that the employer's contribution rate for the Council was required to rise from 15.7% to 16.8% with effect from 1 April 2020 to fully fund the cost of active members
- 8.4. As well as needing to make contributions into the Pension Fund for active members, the Council is required to make contributions to address an historic funding deficit. The Council paid off its deficit during 2022, with a final payment of £80m. This was based on the Council using cash balances and amortising the remaining balance. The approach taken was agreed with the external auditors and supported by external legal advice.
- 8.5. The triennial valuation covering the period from 2023/24 to 2025/26 took place as at 31 March 2022. Provisionally, the whole Fund's funding level has risen to 128% from the 99% level in 2019, which is broadly due to the excellent investment returns over the period, as well as the Council's additional deficit recovery payments.

8.6. The draft funding level for Westminster City Council (as a single employer) stands at 111%, improving from 86% previously. Specifically, the effect of strong asset returns, and the significant secondary contributions have helped to improve the funding position. The Council's primary contribution rate is yet to be agreed for 2023/24: however, it is expected to remain broadly in line with the current rate of 16.8%.

Pension Fund Governance

8.7. The Pension Fund Committee acts as trustees for the whole Pension Fund and takes decisions on behalf of all employers and pensioners. The Local Pension Board continues to operate alongside the Pension Fund Committee as a scrutiny function and reports on its activities to the Pension Fund Committee and Full Council. The Board, comprised of both employer and employee representatives, is required to assist the Council to ensure compliance with the regulations and other legislation relating to the management of the Pension Fund.

8.8. The Pension Fund continues to work with the London Collective Investment Vehicle (LCIV). All local government pension schemes in England and Wales are required to form investment pools with investment manager appointment and monitoring decisions undertaken at pool level. Westminster and all the other London Boroughs are members of the LCIV, set up to facilitate joint procurement of investment managers, with the objective of achieving significant savings and enhancing net of fees returns.

8.9. As at 30 September 2022, the London CIV had £23.8bn of assets under management of which £13.3bn are directly managed by the London CIV. The Council is one of the biggest London Borough supporters of the London CIV LGPS pool, with over £1.215bn of pension fund investments procured through this vehicle, including £377m invested passively in the Legal & General (LGIM) passive equities future world fund. During 2019, the Fund transitioned its London CIV (LCIV) UK Equity allocation and Legal & General (LGIM) Global Passive Equities into the LCIV Global Quality Fund and LGIM Future World Fund.

8.10. The Fund committed 6% (circa £110m) to renewable infrastructure during 2021, with Macquarie and Quinbrook each selected to manage a 3% allocation. As at 31 October 2022, the Fund had approximately £60.2m of capital drawn down, with assets targeted to solar power, onshore and offshore wind, alongside supporting infrastructure such as battery storage and connection assets. It is estimated that once fully drawn these assets will offset 46,000 tCO₂ per annum for Westminster's allocation, and power up to c.12,000 homes annually.

8.11. During 2022, the Pension Fund made commitments to both affordable housing and socially supported housing totalling 5% of the Fund. The allocation has a long-term goal of providing 13,000 new homes that cost no more than 35% of a household's gross income and across sectors, including children's services housing, specialised supported housing and older person supported housing within the supported living market.

- 8.12. In late 2022, the Pension Fund Committee elected to transition the holdings within the London CIV (Baillie Gifford) Global Alpha Equity portfolio into the Paris Aligned version. The Paris Aligned version has a quantitative assessment process to screen out companies with particular levels of exposure to the fossil fuels industry, plus a qualitative method to screen out companies that will not play a role in the future transition to a low carbon environment.
- 8.13. A 2023 Responsible Investment Strategy has been produced which illustrates the progress made in this area, this will be taken to the next Pension Fund Committee.

9. Other Budget Reports

- 9.1. As part of the budget setting process each year there is also a statutory requirement to present the Capital Strategy, HRA Business Plan and Treasury Management Strategy to Cabinet and Full Council.

Capital Strategy

- 9.2. The Capital Strategy sets out the Council's long term capital investment plans over the next 15 years. The Capital Strategy is reported separately on this agenda.
- 9.3. The Council's long-term capital investment is underpinned by the objectives of Fairer Westminster. Capital investment is considered within the Council's overall medium to long-term priorities, and the preparation of the capital programme is an integral part of the financial planning process. This includes taking full account of the revenue implications and the Council has set aside a significant revenue budget to cover capital financing costs as part of its medium and longer term planning. The affordability of these plans will be kept under annual review.

Housing Revenue Account Business Plan

- 9.4. The HRA 30 year business plan is set out separately on this agenda. The rent increase proposed is at the maximum cap of 7%, which is below current inflation. Additional funding is being set aside to provide support to tenants in difficulty with the rent with amount being doubled to around £1m for next year.
- 9.5. There are some Fairer Westminster policy revenue investments proposed as well as a balanced capital programme that delivers additional social rented homes, provides for carbon retrofitting and maintenance of the existing stock to a decent standard.

Treasury Management Strategy

- 9.6. The annual Treasury Management Strategy Statement (TMSS) is presented to Full Council as part of the budget process. The TMSS sets the strategy framework, criteria, boundaries and limitations for borrowing and investment decisions over the next year and the three subsequent years to ensure security of capital, liquidity and yield.

- 9.7. As anticipated in the 2022/23 TMSS, the Council took no additional long-term borrowing for the financial year due to the high level of cash holdings. Officers are monitoring market conditions and reviewing the need to borrow in future years if a requirement is identified for either the General Fund or Housing Revenue Account (HRA).
- 9.8. During the financial year 2019/20, the Council arranged forward borrowing loans totalling £400m. These loans have enabled the Council to agree competitive rates in advance of need which eliminates the “cost of carry”, i.e., the difference between loan interest cost and the rate of return on cash investments. £187m of this has been drawn down to date. The average rate achieved for the forward loans is 2.579%. The use of forward loans has assisted with certainty of cash flow planning, particularly on the Council’s housing development schemes. Whilst borrowing rates are expected to remain high in the short term the forecast is that these will reduce over the planning period and the Council will be able to finance its capital plans within its existing cash and this forward borrowing already secured.
- 9.9. The current 2022/23 annual investment strategy was set in an environment of low interest rates, with expectations of only modest interest rate rises. However, in response to stronger than expected CPI inflation throughout the year the Bank of England has increased interest rates throughout the year at greater than expected amounts. Additionally, gilt yields increased sharply off the back of the Sep/Oct 2022 fiscal event and various other concerns held by the market and, although now more stable, are higher than the same time the previous year. This led to a rise in investment yields and, as a result, significantly higher forecast treasury returns. This is expected to continue into next year and then start to reduce as the Bank of England reduce the base rate as inflation comes under control.
- 9.10. Various opportunities to diversify the treasury portfolio, ensure further the security of cash balances, ensure appropriate liquidity to meet Council obligations as and when required, and enhance yield within acceptable risk parameters continue to be investigated. Investment returns are expected to increase further in 2023/24. Housing Investment Plan & Housing Revenue Account (HRA) Business Plan

10. Financial Resilience – Risks and Reserves

- 10.1. The UK’s macro-economic outlook remains uncertain over the medium-term with several risks and uncertainties over future government funding levels, the fiscal outlook and the timeframe of the cost-of-living crisis. The Council retains a level of reserves to mitigate those risks while also maintaining reserves to invest in its priorities.

Risks and Uncertainties

- 10.2. Identifying and managing risks is a key element in delivering business and financial plans. This is done through the risk management strategy, the corporate risk register and directorate risk registers. Risks are reviewed quarterly as part of the Council's financial and performance report by Audit and Performance Committee.
- 10.3. The key risks in the medium-term financial plan have been identified and assessed as:
- Future of government funding – The current Spending Review (SR21) lasts until March 2024, upon which the government will reset its departmental spending position. How the Department of Levelling Up, Housing and Communities will fare in the next spending review will determine the funding distribution for each authority. There are indications that Westminster's funding levels will reduce from 2024 as the Fair Funding Review is implemented. Additionally, the 2021 Census presents a significant risk to future funding as the data collected at that date indicates that the population is 65k lower (c25%) than the preceding 2020 mid-year estimates. The ONS have accepted that this doesn't reflect a 'normal' position as it was during the pandemic. The Council is leading Pan-London work to respond to the ONS to capture a more realistic position for the next mid-year population estimate position.
 - Business rates reforms – business rates reform also remains on the government's agenda with a future "reset" of the system being planned for several years. Government confirmed in December 2022 that the reset would be delayed for at least another two years. A reset means that any business rates growth generated in Westminster may be redistributed away from the City.
 - Business rate volatility - Westminster has significant risk with such a high level of business rates collected in borough, mitigated partly with the safety net system, but risk on appeals and bad debts remain – sufficient provision in earmarked reserves is made for this.
 - Adult social care reform – On 7 September 2021, government set out its new plan for adult social care reform in England. This included a lifetime cap on the amount anyone in England will need to spend on their personal care, alongside a more generous means-test for local authority financial support. Part of the reform is the intention to equalise the cost of council-funded care and the median paid by those arranging their own care. However, as part of the Autumn Statement the Government announced that this reform would be postponed until at least October 2025. Until further guidance is given, future funding of Adult Social Care remains uncertain.

- Housing and homelessness – cost pressures in temporary accommodation (TA) are largely driven by external factors outside of the Council’s control. This year has seen an unusually sharp increase in the cost of private rented accommodation (over 21%). There remains a risk that this trend continues with lease renewals due in the future. Compounding market supply issues are exacerbating the pressure in addition to the impact of the cost of living crisis, and the end of the Government supported scheme for Ukrainian refugees. There is no indication that Government is considering any changes to the rent and benefits regime so income levels will remain relatively static, meaning the net cost of TA will continue to increase. Government consultation on changes to the formula for calculating Homelessness Prevention Grant have been postponed, although there is certainty of funding for 23/24 and 24/25 with Westminster seeing small increases of c£0.1m per annum. The Council has allowed £85m to purchase an additional 270 properties for TA to partly relieve the pressure on the revenue budget and to improve the Councils support for homeless residents.
- Inflation and interest rates – inflation remains one of the key risks on the 2023/24 budget and beyond with November CPI at 10.7%. The OBR predict this to fall, but there is still significant uncertainty given continuing global events. Energy and fuel costs have risen by 150% during the recent period. Staff pay, which is negotiated nationally has increased by 5% in the current year, 3% above original expectations and a further 5% is assumed in 2023/24. Unions have lodged a pay claim that is considerably above this.
- Interest rates – interest rates have been increased significantly by the Bank of England to try and combat inflation. The Council sees a significant benefit from treasury management interest earnings on its cash deposits, however as rates fall in the medium term then these earnings will fall. Higher rates will impact on the Council’s borrowing for capital purposes; however, this is largely mitigated over the next couple of years by the forward borrowing deals that have secured £400m at an average rate of 2.6%.
- Capital programme - risk in terms of slippage, capital receipts and other external factors affecting delivery and these are set out in more detail in the concurrent Capital Strategy report
- Other service demand - pressures can arise from additional service demand in areas of higher volatility in addition to temporary accommodation mentioned above, including children’s and adults social care etc. These services are monitored carefully during the year to be able to respond with management actions and / or additional capacity where required
- Income – the Council continues to be affected by the impact of economic activity after the pandemic and now into a cost of living crisis. Several income streams have seen further reductions in the current year and a prudent view has been taken of future income expectations.

Reserves Strategy

- 10.4. Reserves are an important part of financial planning. They are held for two overarching purposes; to mitigate risks such as those outlined in the section above, or to invest in the Council's priorities.
- 10.5. Local authorities hold two categories of reserves, usable and unusable:
- *Usable reserves* are defined as those that the Council could utilise to fund capital or revenue expenditure. Some of these reserves could be applied generally but others will have stipulations attached on their use;
 - *Unusable reserves* hold unrealised gains or losses for assets not yet disposed of and accounting adjustments, which are required by statute. These reserves cannot be used to fund capital or revenue expenditure.
- 10.6. The Council's usable reserves can be grouped into the following sub-categories:
- *General Reserves* – working balances held to ensure long term solvency and to mitigate risks e.g., the General Fund balance and the Housing Revenue Account balance;
 - *Earmarked Reserves* – to fund specific projects or investments, or as a means to build up funds for known contingencies, e.g., the insurance reserve;
 - *Ring-fenced Reserves* – carried forward balances or grant funding which have certain conditions or restrictions attached to them preventing their general use by the Council e.g., schools' balances, and;
 - *Capital Reserves* – amounts held to finance capital expenditure e.g., receipts from asset disposals and capital grants.
- 10.7. The use of general and earmarked revenue reserves cannot be regarded as a sustainable long-term strategy to fill the gap from core funding reductions and budget pressures. This is because a usable reserve is a finite cash balance, which can only be used once whereas the reduction in core funding and budget pressures is a permanent year-on-year loss to the Council's base budget. However, reserves are a useful tool to manage issues over the short and medium term to allow time for proper consideration of any structural adjustments to the base budget that are needed.

General Reserves

10.8. In line with other Local Authorities and the law, the Council holds a general reserve on its balance sheet. The balance of this reserve as at 31 March 2022 was £57.4m. The Council holds this general reserve to:

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

Legislation, Role and Responsibility

10.9. When considering what level of general reserve to hold, the following relevant and applicable legislation and regulation has been considered:

- Sections 31A, 32 42A and 43 of the Local Government Finance Act 1992 require billing authorities (i.e., the Council) to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Specifically, sections 31A and 42A require local authorities to set a balance budget including an adequate level of reserves;
- Section 25 of the Local Government Act 2003 requires the Chief Financial Officer or for WCC, the Section 151 officer to report on the adequacy (or otherwise) of reserves and the robustness of estimates supporting the budget;
- Section 26 of the Local Government Act 2003 requires that when setting the budget requirement, the reserves include a minimum level for controlled reserves – this minimum level is determined by the Section 151 officer, and;
- Section 27 of the local Government Act 2003 requires the Section 151 officer to report on the inadequacy of controlled reserves – i.e., when it appears to the Section 151 officer that the level of a controlled reserve is inadequate or likely to become inadequate.

10.10. In summary, primary legislation requires the Council to:

- empower the Section 151 officer to report on the adequacy of reserves and determine an appropriate minimum level, and;
- set a balanced budget with due regard to the level of reserves held.

10.11. The Council's Section 151 officer is charged with determining the overall level of general reserves. This position is reviewed annually and is a key part of the formal budget setting process. This is set out in the Council's Financial Regulations

Financial Resilience

10.12. Financial resilience is a critical part of a well-functioning authority. It is the ability to respond to changes in delivery or demand without placing the authority at risk of financial failure. Financial resilience provides assurance over the continuity of essential services to residents and businesses and allows authorities to invest in its corporate priorities.

10.13. The ability to demonstrate financial resilience comes in many forms:

- A robust medium-term financial plan
- Integrated strategies and plans
- Effective performance and monitoring
- Effective ownership and accountability

10.14. To support an objective view of financial resilience, the Chartered Institute of Public Finance and Accountancy (CIPFA) publishes an annual resilience index. Westminster City Council has been deemed sufficiently protected from major shocks through its reserves provision, its outstanding Children's Services, and its unqualified external audit opinion.

General Reserves Level

10.15. As part of S25 of the Local Government Act 2003 the S151 officer is required to report on the adequacy of reserves.

10.16. As at March 2019, before the pandemic, the General Fund reserves balance was £62.8m. As at the end of the last financial year the Council held a general reserves balance of £57.4m. This is expected to fall to £51.6m by the end of this current financial year because of the forecast revenue overspend. This represented approximately 10% of the Council's gross controllable expenditure.

10.17. Based on the information contained within the paragraphs above the Section 151 officer's judgement is that general reserves are considered adequate as at the date of this report.

10.18. This is based on the following considerations:

- it allows the Council to mitigate any macro-factors which cannot necessarily be forecasted or influenced but will impact the Council, e.g., inflation levels.
- the wider economy is forecast to stabilise and grow although significant uncertainties remain;
- the Council's framework of governance and controls has been assessed by the Auditor as being satisfactory.

10.19. There are several other factors which suggest that it would be desirable to increase the level of the balance at the earliest opportunity as set out above. It is forecast that the general fund reserves balance will fall to approximately £51.5m at the end of this financial year, which represents 10% of gross controllable expenditure. This is considered by the s151 officer to be a prudent level of general reserves for the Council to hold and is recommended policy for the Council within an 8-10% range.

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

- in year revenue underspends as reported through the monthly revenue monitor to Cabinet;
- one off revenue funds which become available e.g., one-off unbudgeted income;
- any other available resources which become available on an unforeseen or unbudgeted basis.

10.21. Earmarked reserves for service investment are being utilised this year to fund important policy objectives in the current cost of living crisis. This use is largely one-off for 23/24 and the ongoing base cost is factored into the budget plans going forward.

10.22. The Section 151 Officer considers that, through the financial planning process of the Council, the estimates are sufficiently robust for the purposes of the calculations of the budget and that the proposed financial balances and reserves over the medium term are adequate.

Zero Based Budgeting

10.23. The Council intends to commence a zero based budget review starting in the 2023/24 financial year and informing future budgets. The aim of the review is, subject to considering the Council's legal obligations and policy priorities, to examine and review council spending based on the outcomes it delivers for residents and communities. It is hoped that the review will identify areas for savings and lead to greater value for money in the future.

11. Council Tax, Business Rates, Levies and Precepts

Council Tax

11.1. The council tax base (the number of Band D equivalent properties estimated to be billable for the year 2023/24) was considered by Cabinet in December 2022 and approved by Full Council on 25 January 2023. The yield derived from the council's standard (Band D) charge is a multiple of the number of properties chargeable in each banding. The Council's tax base has increased from 135,056 to 135,955, 0.67% raising an additional income of £0.418m due to increase in council tax base only. This is lower than the 1% increase forecast.

11.2. Changes in the base arise due to new properties being brought into use; alterations to existing properties changing their valuation; and changes to the number of residents entitled to funding via the local council tax support scheme.

11.3. The table below summarises the Council Tax Base position for Westminster in 2023/24. It also includes the Council Tax element for Queens Park Community Council and Montpelier Square Garden Committee:

Financial Year	Queen's Park Community Council	Montpelier Square Garden Committee	Rest of the City of Westminster	Whole of the City of Westminster
2022/23	3,519.72	91.68	131,444.92	135,056.32
Change	118.11	-	781.03	899.14
2023/24	3,637.83	91.68	132,225.95	135,955.46

11.4. All other things being equal, the overall increase in the tax base has the impact of yielding additional revenue receipts without any change in the headline Band D chargeable rate. Every 1% growth in the base generates c£0.621m of council tax income.

11.5. The Local Government Finance Act (1992), as amended by the Localism Act (2011) requires local authorities to consider whether their relevant basic amount of council tax (effectively the Band D amount) is excessive. The Secretary of State has, under regulations, determined that an increase of more than a council

tax threshold of 2.99% (excluding the Social Care precept) would constitute to an excessive increase for 2023/24 and would be subject to a referendum.

- 11.6. The table below sets out the additional income that would be generated by incremental increases up to the maximum level:

Modelled Changes to Band D	0%	1%	1.50%	2.00%	2.50%	2.99%
Band D 2022/23 (£)	468.54	468.54	468.54	468.54	468.54	468.54
Increase	0.00	4.69	7.03	9.37	11.71	14.01
Modelled Band D 2023/24 £	468.54	473.23	475.57	477.91	480.25	482.55
Additional Income (£m)	-	0.637	0.956	1.274	1.593	1.905

- 11.7. The schedules accompanying this report set out the financial implications on the Council's overall budget of **freezing the general council tax** amount for 2023/24 at the same amount set for 2022/23 Band D council tax. Cabinet is asked to recommend no increase in general element of 2022/23 Band D council tax to Full Council.
- 11.8. The London Assembly is due to meet to consider the Mayor's proposed budget for the GLA for final approval on Thursday 23 February 2023. Currently, the Mayor's proposed budget recommends an increase to the 2023/24 Band D equivalent charge from £395.59 to £434.14, an increase of £38.55 rise in the adjusted Band D Precept (9.7%). The proposed precept for council taxpayers in the City of London is £142.01 (an increase of £23.55 which excludes the £15 element for the Met Police). The precept proposal assumes that the government accedes to the Mayor's request to adjust the 28 council tax excessiveness principles for the GLA (i.e., referendum limits) to accommodate an additional £20 rise to fund transport services in the final local government settlement. If this is not agreed, then the final precept figure may change.
- 11.9. Queen's Park Community Council notified the Council that their precept for 2023/24 would not change and stay at £47.31 (Band D equivalent).
- 11.10. The Montpelier Square Garden Committee has notified the Council that their special expense for 2023/24 will be £680.63 (Band D equivalent).
- 11.11. Local authorities have been granted additional powers from the Department for Government and Local Communities (MHCLG) to raise additional funding via an additional precept to support spending on Adults and Children's Social Care activities, which would otherwise have been unaffordable.
- 11.12. As set out in this report there are continuing growing pressures in social care services and so it is recommended that the council takes the opportunity to provide essential funding for these important services in line with the government thresholds. This report includes the recommendation of an increase of 2.00% per annum, the maximum allowed. It should be noted that the proposed budget includes additional spending on social care which exceeds precept increase.

11.13. The collective impact of the proposed changes discussed above to the Westminster Band D amount from an increase of 2.00% for Social Care for 2023/24 is additional income of £1.274m as set out below:

Approved Band D 2022/23	468.54
2.00% Increase	9.37
Approved Band D 2023/24	477.91
Council Tax Base 2023/24	135,955
Increased rate (£)	9.37
Additional Income (£)	1,274,007

11.14. The table below summarises all the proposed changes to Council Tax and impacts on residents:

Band D Breakdown	Queen's Park Community Council	Montpelier Square Garden Committee	Rest of the City of Westminster
WCC: General Element @0% Increase (£)	468.54	468.54	468.54
WCC: ASC Precept @2.00% Increase (£)	9.37	9.37	9.37
Sub-Total	477.91	477.91	477.91
Greater London Authority Precept (£)	434.14	434.14	434.14
Queen's Park Community Council (£)	47.31	0.00	0.00
Montpelier Square Special Expense (£)	0.00	680.63	0.00
Total Band D Amount (£)	959.36	1,592.68	912.05

Band D Breakdown Yield	Queen's Park Community Council	Montpelier Square Garden Committee	Rest of the City of Westminster	Whole of the City of Westminster
2023/24 Council Tax Base (No. of Band D Equivalentents)	3,637.83	91.68	132,225.95	135,955.46
Westminster City Council (£)	1,738,555	43,815	63,192,104	64,974,474
Greater London Authority Precept (£)	1,579,328	39,802	57,404,574	59,023,703
Queen's Park Community Council (£)	172,106	0	0	172,106
Montpelier Square Special Expense (£)	0	62,400	0	62,400
Total Band D Amount (£)	3,489,989	146,017	120,596,678	124,232,683

Council Tax Reduction Scheme

- 11.15. The Local Government Finance Act 2012 replaced the previous national Council Tax Benefit scheme with a new locally determined Council Tax Reduction Scheme (also known as a local Council Tax Support (CTS) scheme) from 2013.
- 11.16. Each local authority is required to annually set a local Council Tax Reduction scheme for working age claimants. The government continues to operate a statutory national scheme for pensioners, which provides them with broadly the same level of Council Tax Support as they received under the previous Council Tax Benefit scheme, but which has been adjusted by the government since its introduction to incorporate several welfare reform initiatives.
- 11.17. Since 2013/14, the Council has agreed a Council Tax Support scheme which mirrored the previous Council Tax Benefit scheme (i.e., a 100% scheme) despite resources from government being reduced by 10% at the time of transfer. This ensured the Council's working age claimants didn't have to pay more Council Tax. Technically this means that the original Council Tax Reduction Schemes (Default Scheme) Regulations are mirrored within the City Council's local scheme, with the addition that rates used to calculate the discount are updated each year, and War Disabled Pensions, War Widow, Pensions and Armed Forces Compensation scheme payments are disregarded in full when calculating a claimant's income.
- 11.18. The Council recently approved the retention of the "100%" Council Tax Reduction scheme for the 2023/24 financial year. Whilst many other local authorities have reduced the level of their Council Tax Support (which means their CTS claimants must contribute more to Council tax), Westminster's decision will protect claimants locally. It is believed that Westminster will be one of only 8 local authorities in London to continue to have a 100% CTS scheme in 2023/24.

The Collection Fund

- 11.19. Statutory regulations require local authorities to account for annual council tax / business rates income in a different way to normal accounting arrangements as would apply if using International Financial Reporting Standards (IFRS). This means any variance between the originally estimated net council tax / business rates yield and what is achieved in year is not immediately recognised and is held on the balance sheet to be distributed in subsequent years. The effect of these regulations is that for 2023/24 the above estimates will represent the amount of income credited to the revenue account for that year regardless of the actual achieved.
- 11.20. The Council has reported a surplus in its business rates account since 2016/17. However, following the pandemic, the Council reported a deficit in 2020/21 and is currently forecasting a deficit in 2022/23. This will result in a net loss in income of £6.8m in each year (maximum permitted under current rules). The Council is also forecasting a deficit in 2023/24 and the council will again incur a net loss of £6.8m

in business rates income loss which will all be covered from reserves for each of the relevant years.

- 11.21. The Council has reported a surplus in its council tax account since 2015/16. However, following the pandemic the council reported a deficit in 2020/21 and 2021/22. In 2022/23 the council is now reporting a surplus and this is again predicted in 2023/24.

Business Rates

- 11.22. The government confirmed that the Expanded Retail Discount for businesses would continue to apply in 2022/23 at 75% up to a maximum of £110,000 per business. The Council has to date provided £108m in relief. The Council is expected to collect £1.9bn of business rates in 2022/23.
- 11.23. All the reliefs announced by government will be covered via S31 grant funding in the council's general fund with no loss to the council for providing the retail relief. As the collection fund accounting doesn't allow application of the S31 grant in year the Councils' reserves are used to smooth this.
- 11.24. In 2023/24 there has been a national revaluation of business rate rateable values. On average the value of Westminster's business rates values has decreased by 3.15%, this is mitigated by changes to the central government tariff adjustment.

Business Rates: The Collection Fund and Pooling

- 11.25. The Council was part of the 2018/19, 2019/20 and 2020/21 London Business Rates Pool. All London Borough Councils agreed to discontinue the London-wide pool for 2021/22 due to the volatility in business rates following the pandemic and expected reduction in business rates income. Therefore, Councils returned to the previous business rates share regime that allocated based on WCC 30%, GLA 20% and central government 50%. In 2022/23 a smaller group of boroughs agreed to pool and this is likely to continue in 2023/24, but it is not beneficial for the pool for Westminster to be included because of the deficit the Council has.
- 11.26. Based on latest estimates it is forecast that the Council will go into the business rates safety net for 2022/23 and 2023/24, in the same way it did in 2021/22. This means that the reduction in business rates income will be capped through the national system at 92.5% of the Council's business rates baseline. Therefore, the maximum exposure for Council is £6.8m per year. This can be covered by the business rates equalisation reserve set aside in previous years of growth. This will therefore not impact on the general fund revenue budget.

Levies and Special Charges

11.27. Three bodies recover their net cost by way of a levy on local authorities – this charge is thus separately identified within the council tax charged by those local authorities. The three bodies are:

- Environment Agency – recover the cost of flood defence works across the Thames region;
- Lee Valley Regional Park Authority – recover the cost of running the Lee Valley Park facilities in the North West of London; and
- London Pensions Fund Authority – recover the pension costs arising from the abolition of the Greater London Council

11.28. At the time of writing this report, the Council is awaiting notifications from these three bodies to confirm the 2023/24 levies. Therefore, the 2022/23 levy charges are included in this report with an allowance for inflation. If the final amounts are different, then this will be covered by the corporate items budget.

12. Stakeholder Engagement

12.1. Engagement with communities forms an important part of the Council's business and financial planning process as part of an ongoing approach.

12.2. In future years, the administration intends to introduce forms of participatory budgeting to give residents control over allocation of budgeted spending.

13. Financial Implications

13.1. The financial implications are set out in the body of this report.

14. Legal Implications

14.1. 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.

14.2. 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.

- 14.3. 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 taxpayers and ratepayers on the one hand and the users of Council services on the other are both considered.
- 14.4. 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 Section 151 Officer on these issues when making decisions about its budget calculations. Attention is drawn to the report as set out in Section 10 where it is stated that the estimates are sufficiently robust for the purposes of the calculations and that the proposed financial balances and reserves over the medium term are adequate.
- 14.5. 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 because of the responses to a consultation, and further reports to Cabinet or cabinet member (as appropriate) may be required.
- 14.6. Apart from statutory duties relating to specific proposals the Council must consider its obligations under the Equality Act. This is addressed in Section 16. In developing a final set of proposals for consideration, officers have had regard to how the equality duty can be fulfilled in relation to the proposals overall. However further detailed equality impact assessments may be required for specific proposals as identified by each directorate prior to final decisions being made.
- 14.7. 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.
- 14.8. 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.

- 14.9. In relation to the use of General Fund and HRA (non-right to buy) capital receipts funds to fund transformation projects detailed in this report, the Council complies with the statutory guidance issued under section 15(1)(a) of the Local Government Act 2003.
- 14.10. Under powers contained in the Localism Act 2011, the Government can require compulsory referenda on Council Tax increases above limits it sets. For 2023/24, the referendum threshold is 2.99%. The proposal is within the threshold change: the Council will therefore not be required to hold a referendum.
- 14.11. In addition to the referendum threshold, the Government has also announced a threshold of an additional 2% for authorities with Social Care responsibilities. The borough needs to raise funding on this account for 2023/24 and is therefore proposing to implement the precept.

15. Carbon Implications

- 15.1. The Council has a clear commitment to be a carbon neutral organisation by 2030 and as a City by 2040 and be carbon zero by 2050. The Climate Emergency Programme has an allocated £5m reserve to support meeting the targets and additional resources are proposed in this report to mainstream the work. Alongside this, the team are continuing to work with other council departments to ascertain what the true cost will be to implement all the actions in the Climate Emergency Action Plan (CEAP). It is already known that a significant amount of external funding will be required to deliver the CEAP commitments, hence the efforts being made to look for potential funding sources available.
- 15.2. The Council spends over £500million each year on third party services and contracts. The Council has agreed a new Responsible Procurement Strategy to ensure that procurement, commissioning, and contract management activities are fully aligned with Fairer Westminster and deliver maximum value for Westminster and its residents and partners. The Council will use its significant spend to influence and create positive action on tackling the climate emergency (as well as contributing to local and national recovery, leveraging community benefit, and driving forward greater diversity and inclusion in its supply chain). One element of the Responsible Procurement Strategy is the Supplier Charter, which outlines a set of commitments that suppliers are asked to make to demonstrate that they share the Council's responsible business ambitions.
- 15.3. The Westminster Pension Fund continues to draw down on its Renewable Energy Infrastructure commitments, with a total of £110m currently committed. As of December 2022, £58m of the committed £110m has been invested, whilst the carbon footprint of the pension fund has decreased 65% from the November 2018 baseline.
- 15.4. In September 2022 the Council introduced its Carbon Impact Evaluation Toolkit (CIET) to help analyse the carbon impact of its capital expenditure strategy. As part of the capital bid process, all project owners were asked to use the CIET to

assess the carbon impact of their projects. The results of this activity will be presented to cabinet in early 2023, whilst the toolkit will go through further enhancement before the next round of bids. The Council have also begun activities to better capture our Scope 3 emissions. Currently our CEAP primarily focuses on the council's Scope 1 & 2 emissions, however we recognise the importance in better understanding and addressing our Scope 3 emissions.

16. Equalities Impact Assessment

- 16.1. Under the Equalities Act 2010 the Council has a legal duty to pay “due regard” to the need to eliminate discrimination and promote equality about the protected characteristics of age, disability, gender reassignment, marriage/ civil partnership, pregnancy/ maternity, race, religion or belief and sexual orientation.
- 16.2. 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.
- 16.3. A screening of all budget measures has been undertaken to ensure that the equality duty has been considered where appropriate. Details of the Equality Impact Assessments (EIAs) are included in Appendix 6. Where it has been identified that a proposal may have an adverse impact on people who share a protected characteristic, an assessment of the impact has been undertaken to ensure that “due regard” is paid to the equality duties as required by statute. Where budget proposals required a full EIA to be undertaken, these have been published and shared with the Budget & Performance Task Group to ensure they form part of the budget scrutiny process

17. Consultations

- 17.1. As part of the financial planning process the Council consulted with businesses and the responses have been considered as part of the proposed 2023/24 budget.
- 17.2. An assessment of whether individual saving proposals require consultations is set out in the papers presented to the Scrutiny Budget Task Group in January 2023.

Appendices

Appendix 1 – List of new savings

Appendix 2 – Service Pressures and Investments

Appendix 3 – Previously agreed savings

Appendix 4 – Summary of Gross, Income and Net budgets

Appendix 5 – Net Budget Trail

Appendix 6 – Council Tax Resolution

Appendix 7 – EIA Summary

Appendix 8 – Scrutiny Budget Task Group Papers

If you have any queries about this report or wish to inspect any of the background papers please contact:

Jake Bacchus, Director of Finance jbacchus@westminster.gov.uk

Appendix 1 - List of New Savings

Saving Ref.	Saving Title	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total Saving over the 4 year MTFP
ADULTS						
1.1	Continuation of Promoting Independence initiatives over the next 4 years	100	300	500	690	1,590
1.2	Enhanced brokerage and void efficiency.	250	60	-	-	310
1.3	Use of the digital account to diversify spend beyond 'hours of care' to more outcome specific activities.	250	-	-	-	250
1.4	Continue to challenge for the fair application of NHS CHC criteria to all client groups.	150	-	-	-	150
1.5	Explore ways to generate efficiency within LD spend through contract efficiency and moving people into alternative accommodations.	50	-	-	-	50
ADULTS TOTALS		800	360	500	690	2,350
CHILDREN'S						
2.1	Joint Funding Programme	650	-	-	-	650
2.2	Commissioning processes and quality assurance of placements and accommodation	100	-	-	-	100
2.3	Optimisation of Housing Benefit/Universal Credit for Care Leavers	210	-	-	-	210
2.4	Review Youth Offending Service	25	50	100	-	175
2.5	Staffing Savings	200	675	500	775	2,150
2.6	Action for Change contract	90	-	-	-	90
CHILDREN'S TOTALS		1,275	725	600	775	3,375
ENVIRONMENT AND CITY MANAGEMENT						
3.1	Commercial Waste income	1,550	-	-	-	1,550
3.2	Waste and recycling : Electric Waste Fleet	300	900	-	-	1,200
3.3	Waste and recycling collection : Electric Street Cleansing Service	570	190	-	-	760
3.4	Energy Efficient Adaptive Lighting	200	-	-	-	200
3.5	Code of construction practice and other Efficiencies	100	150	-	-	250
3.6	Parking Fee Structure Review	1,630	1,620	-	-	3,250
3.7	Optional SMS Charging	350	-	-	-	350
3.8	Road Safety Initiatives	-	250	250	-	500
3.9	Fees & Charges Review	5,230	-	-	-	5,230
ENVIRONMENT AND CITY MANAGEMENT TOTALS		9,930	3,110	250	-	13,290
GROWTH, PLANNING AND HOUSING						
4.1	Housing Needs - Pre-Action Paralegal Team	-	-	50	-	50
4.2	Strengthen Homelessness Prevention in PRS	-	50	50	-	100
4.3	Homelessness RSI & Service Recommissioning	-	-	250	-	250
4.4	Reduce storage support	-	75	-	-	75
4.5	Homelessness Service re-design	-	-	-	600	600
4.6	Increase accommodation recharge to WAES	-	140	-	-	140
4.7	Increase in discretionary planning fees (above inflation)	270	125	135	150	680
4.8	Increase in volume of Planning Resource Agreements (PRAs)	60	-	-	-	60
4.9	Increase to Planning Resource Agreement (PRA) fees	60	-	-	-	60
4.10	Review of Planning Service	-	200	-	-	200
4.11	Merging of Development & Regeneration teams	-	-	100	-	100
GROWTH, PLANNING AND HOUSING TOTALS		390	590	585	750	2,315
FINANCE AND RESOURCES						
5.1	Savings on insurance premiums	-	-	200	-	200
5.2	Finance departmental efficiencies	-	150	200	-	350
5.3	Increased income from provision of service to Bexley	150	-	-	-	150

Saving Ref.	Saving Title	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total Saving over the 4 year MTFP
5.4	Review of external legal fees (including Barristers)	-	60	-	-	60
5.5	Review of IT contracts & licensing	-	100	-	-	100
5.6	Review of telephony & mobile provision	-	100	-	-	100
5.7	Commercial property acquisitions	600	-	-	-	600
5.8	Investment Property 2% growth target	-	-	500	500	1,000
5.9	Procurement Service Review	100	-	-	-	100
5.10	Carbon Reduction across Operational Property	420	200	100	100	820
5.11	Smart City and Digital Programme - efficiency savings	-	500	700	800	2,000
5.12	Reduced City Hall Rental Uplift	683	-	-	-	683
5.13	Fees & Charges Review - 2022/23	130	-	-	-	130
FINANCE AND RESOURCES TOTALS		2,083	1,110	1,700	1,400	6,293
INNOVATION & CHANGE						
6.2	Increased use of Parks & Open spaces for events	50	100	-	-	150
6.3	Ward Budgets (wards moved from 20 to 18)	46	-	-	-	46
	Ward Budgets - remove two	46	-	-	-	46
6.4	Governance & Councillor Liaison - non-pay review	10	-	-	-	10
	Governance & Councillor Liaison - non-pay review	10	-	-	-	10
6.5	Review of Communications spend	120	-	-	-	120
6.6	Neighbourhood Keepers Grant removal	75	-	-	-	75
6.7	Parks not lock and staggering park locking times	75	-	-	-	75
6.8	Cemeteries income	50	-	-	-	50
6.9	Fees & Charges Review - 2022/23	93	-	-	-	93
INNOVATION & CHANGE TOTALS		575	100	-	-	675
PEOPLE SERVICES						
7.1	Occupational Health review	40	-	-	-	40
7.2	Shared Executive Assistance	35	-	-	-	35
7.3	Reduction of Westminster Way budget	75	-	-	-	75
7.4	Bi-Borough Staff Saving	50	-	-	-	50
PEOPLE SERVICES TOTALS		200	-	-	-	200
GENERAL FUND TOTAL		15,253	5,995	3,635	3,615	28,498

Appendix 2 - List of Pressures and Fairer Westminster Investments

Pressure Ref.	Pressure Title	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total Pressure over the 4 year MTFP £000
ADULTS						
1.1	Learning Disability Transitions	180	-	-	-	180
1.2	Acute Pressures	480	-	-	-	480
1.3	Contract Pressure in ASC	120	-	-	-	120
1.4	Mental Health complexity	200	-	-	-	200
ADULTS TOTALS		980	-	-	-	980
CHILDREN'S						
2.1	Short Breaks staffing	80	-	-	-	80
2.2	Short Breaks Care Packages and Direct Payments/ Tresham	600	-	-	-	600
2.3	Special Education Needs (SEN) Transport	310	-	-	-	310
2.4	Libraries Unachieved Savings	450	-	-	-	450
2.5	Family Hub Pressure	255	-	-	-	255
CHILDREN'S TOTALS		1,695	-	-	-	1,695
ENVIRONMENT AND CITY MANAGEMENT						
3.1	Paid for Parking Income Pressure	2,000	-	-	-	2,000
3.2	Residents Permits Income Pressure	400	-	-	-	400
3.3	Car Clubs	280	-	-	-	280
3.4	Tables & Chairs - Change in legislation	600	-	-	-	600
3.5	Future City Management - realignment of Transformation savings	2,300	-	-	-	2,300
ENVIRONMENT AND CITY MANAGEMENT TOTALS		5,580	-	-	-	5,580
GROWTH, PLANNING AND HOUSING						
4.1	Temporary Accommodation Base Budget Correction	7,517	1,200	-	-	8,717
4.2	Planning Income Reduction (major applications)	2,000	-	-	-	2,000
GROWTH, PLANNING AND HOUSING TOTALS		9,517	1,200	-	-	10,717
FINANCE AND RESOURCES						
5.1	Digital & Innovation Bi-Borough review saving no longer achievable	250	250	-	-	500
5.2	IT contract pressure	365	(365)	-	-	-
5.3	Audit fee increase	220	-	-	-	220
5.4	Landmann Way Lease Cost	90	-	-	-	90
5.5	HRA Recharges	500	-	-	-	500
FINANCE AND RESOURCES TOTALS		1,425	- 115	-	-	1,310
INNOVATION & CHANGE						
6.1	WestCo Contribution	300	-	-	-	300
6.2	Advice Contract Provision	100	100	-	-	200
INNOVATION & CHANGE TOTALS		400	100	-	-	500
GENERAL FUND TOTAL		19,597	1,185	-	-	20,782

Fairer Westminster Investments (Built into Base Budget)

Fairer Westminster Investment Ref.	Investment Title	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total Investment over the 4 year MTFP £000
GROWTH, PLANNING AND HOUSING						
FW4.1	North Paddington Place Plan	750	-	-	-	750
TOTAL GROWTH, PLANNING AND HOUSING		750	-	-	-	750
FINANCE AND RESOURCES						
FW5.1	Capital Revenue Implications	500	-	-	-	500
TOTAL FINANCE AND RESOURCES		500	-	-	-	500
GENERAL FUND TOTAL (Base Budget)		1,250	-	-	-	1,250

Fairer Westminster Investments (Funded via Reserves)

Fairer Westminster Investment Ref.	Investment Title	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total Investment over the 4 year MTFP £000
ADULTS						
FW1.1	Improving Mental Wellbeing	500	-	-	-	500
FW1.2	Enablement for Learning Disability	150	-	-	-	150
ADULT'S TOTAL		650	-	-	-	650
CHILDREN'S						
FW2.1	Bayswater Family Hub	165	83	-	-	248
FW2.2	School Uniform Support Grant	86	-	-	-	86
FW2.3	Youth Sector Investment Priority	520	-	-	-	520
FW2.4	Universal Free Primary School Meals	1,628	-	-	-	1,628
CHILDREN'S TOTAL		2,399	83	-	-	2,482
ENVIRONMENT AND CITY MANAGEMENT						
FW3.1	Resourced and Dedicated Climate Team	-	1,200	300	-	1,500
FW3.2	Run Cycle Training & Support schemes	285	-	-	-	285
FW3.3	School Streets CCTV Programme	55	-	-	55	-
FW3.4	Management of Public Conveniences	300	-	-	-	300
FW3.5	Landlord Standards enforcement	180	-	-	180	-
FW3.6	Selective Licensing Scheme Initial study	30	30	-	-	-
FW3.7	Air Quality Monitoring Stations	35	-	-	-	35
ECM TOTAL		885	1,170	300	- 235	2,120
GROWTH, PLANNING AND HOUSING						
FW4.2	Setup a Design Review Panel	60	(60)	-	-	-
GPH TOTAL		60	(60)	-	-	-
FINANCE AND RESOURCES						
FW5.3	Responsible Procurement and SME focus	300	-	-	-	300
FW5.4	People Services	584	0	-	-	584
F&R TOTAL		884	-	-	-	884
INNOVATION AND CHANGE						
FW6.1	City Plan	-	200	(200)	-	-
FW6.2	Communities	671	0	-	-	671
I&C TOTAL		671	200	- 200	-	671
TOTAL GENERAL FUND (Funded via Reserves)		5,549	1,393	100	- 235	6,807
Total Fairer Westminster Investments (Included in base budget and funded from reserves)		6,799	1,393	100	- 235	8,057

Use of Reserves for Pressures and Investments

Use of Reserves: Fairer Westminster	5,549	1,393	100	-	235	6,807
Use of Reserve: Cost of Living	1,000	-	-	-	-	1,000
Total Use of Reserves for Pressures & Investments	6,549	1,393	100	-	235	7,807

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Appendix 3 - Existing Savings (approved in previous years)

		Original Profiling - Approved in March 2022				Revised Profiling - January 2023					
Ref	Description	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	2022/23 New £000	2023/24 New £000	2024/25 New £000	2025/26 New £000	Unachievable £000	New Total £000
	Adult's										
1.1	Review of Contracts	550	-	-	550	550	-	-	-	-	550
1.2	Improved Market Management	100	-	-	100	100	-	-	-	-	100
1.3	Promoting Independence	950	500	500	1,950	950	500	500	-	-	1,950
1.4	Contract saving - Transition into Beachcroft	75	-	-	75	75	-	-	-	-	75
1.5	Staffing Review (restructure, agency spend and vacancy factor)	35	255	-	290	35	255	-	-	-	290
1.6	Increased focus on prevention and greater utilisation of community strength and assets	300	400	-	700	300	400	-	-	-	700
1.7	Carlton Dene Development	-	-	500	500	-	-	500	-	-	500
1.8	Staffing Review (senior management, additional commissioning restructure and reducing agency spend)	500	-	-	500	500	-	-	-	-	500
1.9	Mental Health - Review of management costs paid to CNWL	100	-	-	100	100	-	-	-	-	100
	Adult's Total	2,610	1,155	1,000	4,765	2,610	1,155	1,000	-	-	4,765
	Children's										
2.1	Education Funding and Efficiencies	125	50	-	175	125	50	-	-	-	175
2.2	EHCP/Joint Funding Strategies	250	-	-	250	250	-	-	-	-	250
2.3	MASH/LSCB	-	20	30	50	-	20	30	-	-	50
2.4	Joint Working Opportunities	50	-	-	50	50	-	-	-	-	50
2.5	Pre-Birth to Five Service Redesign	350	-	-	350	-	-	-	-	350	350
2.6	Passenger Transport Alternative Delivery Mechanisms	50	-	-	50	50	-	-	-	-	50
2.7	Libraries Transformation	450	-	-	450	-	-	-	-	450	450
2.8	IT Case Management System	-	88	50	138	-	88	50	-	-	138
2.9	Registrars Income	149	100	100	349	149	100	100	-	-	349
2.10	Delivering Transport Differently	100	150	-	250	100	150	-	-	-	250
2.11	Delivering Short Breaks Differently	34	25	75	134	34	25	75	-	-	134
2.12	Rationalisation of Non-Essential Spend	25	-	-	25	25	-	-	-	-	25
2.13	Placements and Accommodation	350	50	50	450	350	50	50	-	-	450
	Children's Total	1,933	483	305	2,721	1,133	483	305	-	800	2,721

Ref	Description	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	2022/23 New £000	2023/24 New £000	2024/25 New £000	2025/26 New £000	Unachievable £000	New Total £000
Environment and City Management											
3.1	Future City Management	200	-	-	200	-	-	-	-	200	200
3.2	Parking Contract Relet	-	500	-	500	-	500	-	-	-	500
3.3	Highways Contract Re-let	750	-	-	750	750	-	-	-	-	750
3.4	Implementation of SMART Lighting	60	-	-	60	60	-	-	-	-	60
3.5	Championing Innovation in Highways Maintenance and Management	-	250	-	250	-	250	-	-	-	250
3.6	Strategic Review of Street Cleansing Provision	158	-	-	158	-	158	-	-	-	158
3.7	Parking	70	-	-	70	70	-	-	-	-	70
3.8	Parking - Traffic-Sensitive Streets Kerbside Management	1,000	-	-	1000	1,000	-	-	-	-	1000
3.9	Highways Infrastructure & Public Realm	-	150	-	150	-	150	-	-	-	150
3.10	Highways Infrastructure & Public Realm	150	-	-	150	150	-	-	-	-	150
3.11	Public Protection and Licensing	700	1,400	-	2100	-	1,400	-	-	700	2100
3.12	Public Protection and Licensing	100	-	-	100	-	-	-	-	100	100
3.13	Community Services - Sayers Croft Efficiencies	100	-	-	100	100	-	-	-	-	100
3.14	Waste - Food waste recycling impact on disposal costs	40	40	-	80	40	40	-	-	-	80
3.15	Moving Traffic Initiatives	480	200	-	680	480	200	-	-	-	680
3.16	Traffic Sensitive Streets	375	125	-	500	375	125	-	-	-	500
3.17	Crane Oversailing Licence	50	-	-	50	50	-	-	-	-	50
3.18	Emergency Crane Licence	15	-	-	15	15	-	-	-	-	15
3.19	Parking Fee increases 2022-23 (Indicative subject to fee review in November)	1,150	-	-	1150	1,150	-	-	-	-	1150
3.20	Higways Fee increases 2022-23 (Indicative subject to fee review in November)	250	-	-	250	250	-	-	-	-	250
3.21	SMS Charging – 20p optional charge to users of the Pay to Park service	300	300	-	600	300	300	-	-	-	600
Environment and City Management Total		5,948	2,965	-	8,913	4,790	3,123	-	-	1,000	8,913
Growth, Planning and Housing											
4.1	Targeted Purchases for Vulnerable Households	138	71	-	209	138	71	-	-	-	209
4.2	Capital Letters - Pan London	200	250	-	450	200	250	-	-	-	450
4.3	Procurement efficiency savings	100	150	-	250	-	150	-	-	100	250
4.4	TA Purchase Programme	188	94	-	282	188	94	-	-	-	282
4.5	Planning Income	1,000	250	-	1,250	-	250	-	-	1,000	1250
4.6	Rental income from Intermediate Housing	79	-	-	79	79	-	-	-	-	79

Ref	Description	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	2022/23 New £000	2023/24 New £000	2024/25 New £000	2025/26 New £000	Unachievable £000	New Total £000
4.7	Planning Application Process Review	130	-	-	130	130	-	-	-	-	130
4.8	Place Shaping Review	50	-	-	50	50	-	-	-	-	50
4.9	Additional Capitalisation of Development Team	150	-	-	150	150	-	-	-	-	150
4.10	Reduce Office Space Usage (Housing GF)	35	-	-	35	35	-	-	-	-	35
4.11	Temporary Accommodation	664	-	-	664	664	-	-	-	-	664
4.12	Planning Fees	-	-	-	0	-	-	-	-	-	0
4.13	Capitalisation of Development PMO	150	-	-	150	150	-	-	-	-	150
4.14	Review of Commissioning/Accom.	-	-	500	500	-	-	500	-	-	500
4.15	Heritage Agreements	-	25	75	100	-	25	75	-	-	100
4.16	Housing Needs restructure	-	75	-	75	-	75	-	-	-	75
4.17	Homelessness Prevention Grant	500	-	-	500	500	-	-	-	-	500
4.18	Church St review	125	35	-	160	125	35	-	-	-	160
	Growth, Planning and Housing Total	3,509	950	575	5,034	2,409	950	575	-	1,100	5,034
	Innovation and Change										
5.1	Review of the Communications function	75	-	-	75	75	-	-	-	-	75
5.2	Non-pay efficiencies - Cabinet Secretariat	20	-	-	20	20	-	-	-	-	20
5.3	Increase in Banners & Events income	160	80	85	325	160	80	85	-	-	325
5.4	Innovation Change - Service efficiencies	69	150	250	469	69	150	250	-	-	469
5.5	Unallocated Grant	50	-	-	50	50	-	-	-	-	50
5.6	Church St review	40	-	-	40	40	-	-	-	-	40
5.7	Reduced Grant awards (Church St)	150	-	-	150	150	-	-	-	-	150
5.8	Sayers Croft Commercial Review	20	-	-	20	20	-	-	-	-	20
5.9	Parks & Open Spaces Service Configuration - Review of service model to consider how to deliver by combining contracts with Housing and potential relet savings	-	70	-	70	-	70	-	-	-	70
5.10	Parks - Surrender Leasehold Sites	30	-	-	30	30	-	-	-	-	30
	Innovation and Change Total	614	300	335	1,249	614	300	335	-	-	1,249
	Finance and Resources										
6.1	Technology Refresh	-	285	-	285	-	285	-	-	-	285
6.2	Investment Property Growth	500	500	-	1,000	500	500	-	-	-	1,000
6.3	Repurposing Building	200	400	-	600	200	400	-	-	-	600
6.4	Cloud migration	90	70	-	160	90	70	-	-	-	160
6.5	Realignment of Claimant Contact Facilities for the Council's Benefits service	35	-	-	35	35	-	-	-	-	35
6.6	Review of C&FM	100	-	-	100	100	-	-	-	-	100
6.7	Review of Bi-Borough IT Service	-	250	250	500	-	250	250	-	-	500

Ref	Description	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	2022/23 New £000	2023/24 New £000	2024/25 New £000	2025/26 New £000	Unachievable £000	New Total £000
6.8	Senior Management Review	800	-	-	800	800	-	-	-	-	800
6.9	Further IT Contract Savings	-	315	100	415	-	315	100	-	-	415
6.10	Reduction on charges	100	-	-	100	100	-	-	-	-	100
6.11	Investment Property Income Review	-	-	400	400	-	-	400	-	-	400
6.12	Business Rates review	100	-	300	400	100	-	300	-	-	400
6.13	Acceleration of Repurposing Building Programme	300	75	-	375	300	75	-	-	-	375
6.14	Planned move of ASC from NHS premises	400	-	-	400	0	400	-	-	-	400
6.15	FM Contract savings	-	-	500	500	-	-	500	-	-	500
6.16	Review of Insurance	250	-	-	250	250	-	-	-	-	250
6.17	IBC Contract savings	-	150	150	300	-	150	150	-	-	300
6.18	Corporate Reviews	-	-	-	-	-	583	-	-	-	583
	Finance and Resources Total	2,875	2,045	1,700	6,620	2,475	3,028	1,700	-	-	7,203
	Collaborative Savings										
7.1	Staffing - agency spend	2,150	-	-	2,150	2,150	-	-	-	-	2,150
7.2	Community Commissioning	35	25	-	60	35	25	-	-	-	60
7.3	Brokerage	100	-	-	100	100	-	-	-	-	100
7.4	Eliminating paper and automating mail services	50	50	-	100	50	50	-	-	-	100
7.5	Reducing the Corporate Property Footprint	-	400	-	400	-	400	-	-	-	400
7.6	Business support review	908	-	-	908	908	-	-	-	-	908
7.7	CED strategy: contact centre review	220	640	-	860	220	640	-	-	-	860
7.8	Fees and Charges Increase for 2021/22	500	500	-	1,000	500	500	-	-	-	1,000
	Collaborative Total	3,963	1,615	-	5,578	3,963	1,615	-	-	-	5,578
	TOTAL	21,452	9,513	3,915	34,880	17,994	10,654	3,915	-	2,900	35,463

Changes to Previously Agreed Savings	By 2023/24 £000	In 2024/25 £000	In 2025/26 £000	Total £000
Total Savings Originally Planned	30,965	3,915	-	34,880
New Profiling of Savings	28,648	3,915	-	32,563
Change	2,317	-	-	2,317

Appendix 4 - Budget Schedules

2023/24 Gross Expenditure Budget

Executive Leadership Team	2022/23 Budget	Corporate Adjustments	Service Specific Pressures	Fairer Westminster Investments	Savings Proposed	Proposed 2023/24 Budget
	£'m	£'m	£'m	£'m	£'m	£'m
Adult Social Care	104.229	0.000	0.980	0.000	(1.955)	103.254
Children's Services	162.685	0.000	1.245	0.000	(0.830)	163.100
Environment and City Management	126.584	0.000	2.300	0.000	(3.260)	125.624
Finance and Resources	81.958	0.000	1.060	0.000	(2.348)	80.670
Corporate Items	59.932	21.508	0.000	0.500	(3.094)	78.846
Growth, GF-Housing and Planning	268.665	0.000	0.000	0.750	(0.675)	268.740
Innovation and Change	24.305	0.000	0.100	0.000	(0.502)	23.903
Other Corporate Directorates	4.710	0.000	0.000	0.000	(0.200)	4.510
Public Health	32.228	0.000	0.000	0.000	0.000	32.228
Sub-Total Gross Expenditure	865.295	21.508	5.685	1.250	(12.864)	880.874

2023/24 Gross Income Budget

Executive Leadership Team	2022/23 Budget	Corporate Adjustments	Service Specific Pressures	Fairer Westminster Investments	Savings Proposed	Proposed 2023/24 Budget
	£'m	£'m	£'m	£'m	£'m	£'m
Adult Social Care	(53.659)	0.000	0.000	0.000	0.000	(53.818)
Children's Services	(124.424)	0.000	0.450	0.000	(0.840)	(124.921)
Environment and City Management	(129.363)	0.000	3.280	0.000	(9.385)	(135.468)
Finance and Resources	(53.130)	0.000	0.365	0.000	(1.780)	(54.717)
Corporate Items	(29.552)	(7.698)	0.000	0.000	0.000	(36.477)
Growth, GF-Housing and Planning	(249.052)	0.000	9.517	0.000	(0.665)	(240.200)
Innovation and Change	(7.209)	0.000	0.300	0.000	(0.373)	(7.282)
Other Corporate Directorates	(0.678)	0.000	0.000	0.000	0.000	(0.678)
Public Health	(33.369)	0.000	0.000	0.000	0.000	(33.406)
Sub-Total Gross Service Income	(680.434)	(7.698)	13.912	0.000	(13.043)	(686.966)

2023/24 Net Budget

Executive Leadership Team	2022/23 Budget	Corporate Adjustments	Service Specific Pressures	Fairer Westminster Investments	Savings Proposed	Proposed 2023/24 Budget
	£'m	£'m	£'m	£'m	£'m	£'m
Adult Social Care	50.570	0.000	0.980	0.000	(1.955)	49.595
Children's Services	38.261	0.000	1.695	0.000	(1.670)	38.286
Environment and City Management	(2.778)	0.000	5.580	0.000	(12.645)	(9.843)
Finance and Resources	28.828	0.000	1.425	0.000	(4.128)	26.125
Corporate Items	30.381	13.810	0.000	0.500	(3.094)	41.597
Growth, GF-Housing and Planning	19.614	0.000	9.517	0.750	(1.340)	28.541
Innovation and Change	17.096	0.000	0.400	0.000	(0.875)	16.621
Other Corporate Directorates	4.032	0.000	0.000	0.000	(0.200)	3.832
Public Health	(1.141)	0.000	0.000	0.000	0.000	(1.141)
Sub-Total Net Service Budget	184.862	13.810	19.597	1.250	(25.907)	193.611
Funded By:						
Settlement Funding Assessment	(121.567)	(7.070)	0.000	0.000	0.000	(128.637)
Council Tax Income	(63.295)	(1.679)	0.000	0.000	0.000	(64.974)
Sub-Total Core Funding	(184.862)	(8.749)	0.000	0.000	0.000	(193.611)
General Fund Balance Budget	0.000	5.061	19.597	1.250	(25.907)	0.000

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Appendix 5 - Net Budget Trail	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
General Fund Budget b/f	184.863	193.611	192.336	186.700
<u>Changes and Variations</u>				
Inflation (pay and non-pay)	32.251	9.320	8.247	8.308
Interest Earnings	(20.821)	6.000	5.000	4.000
Capital Financing	3.000	3.000	3.000	3.000
Other Corporate Changes	(0.282)	(0.235)	4.104	1.000
Total	14.148	18.085	20.351	16.308
<u>Savings</u>				
Savings to be identified	0.000	(11.435)	(27.255)	(18.140)
New Savings	(15.253)	(5.995)	(3.635)	(3.615)
Previously Agreed Savings	(10.654)	(3.915)	0.000	0.000
Total	(25.907)	(21.345)	(30.890)	(21.755)
<u>Pressures and Investments</u>				
Service Pressures	19.597	1.185	0.000	0.000
Fairer Westminster/Cost of Living				
Investments	7.799	0.393	0.100	(0.235)
Adult Social Care Investment	6.792	3.000	0.000	0.000
Total	34.188	4.578	0.100	(0.235)
<u>Use of Reserves</u>				
Fairer Westminster	(5.549)	4.156	1.293	0.100
Cost of Living	(1.000)	1.000	0.000	0.000
Total	(6.549)	5.156	1.293	0.100
<u>Funding Changes (excluding SFA and Ctax)</u>				
Social Care related grants	(13.435)	(7.904)	0.000	0.000
Other Grants	6.510	0.155	3.510	0.000
Ctax Surplus	(0.208)	0.000	0.000	0.000
Total	(7.133)	(7.749)	3.510	0.000
Net Budget c/f	193.611	192.336	186.700	181.118
Funded via:				
Settlement Funding Assessment	(128.637)	(126.712)	(120.426)	(114.195)
Council Tax	(64.974)	(65.624)	(66.274)	(66.924)
	(193.611)	(192.336)	(186.700)	(181.118)
Budget Gap	0.000	0.000	0.000	0.000

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Appendix 6 - Council Tax Resolution

The Council is recommended to resolve as follows:

1. It should be noted that on the 25 January 2023, the Council calculated the Council Tax Base for 2023/24:
 - a) For the whole Council area as 135,955.46 [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 91.68
2. For dwellings in the Queen’s Park Community Council area as 3,637.83
3. Calculate that the Council Tax Requirement for the Council’s own purposes for 2023/24 (excluding Special Expenses) is £64,974,474
4. That the following amounts be calculated for the year 2023/24 in accordance with Sections 31 to 36 of the Act:
 - a) £880,874,100 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) £815,837,227 being the aggregate amounts which the Council estimates for items set out in Section 31A(3) of the Act.
 - c) £65,036,873 being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(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) £478.37 being the amount at 4(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) £62,400 being the amount of the Montpelier Square Garden Committee special item referred to in Section 34(1) of the Act.
 - f) £477.91 being the amount at 4(d) above less the result given by dividing the amount at 4(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.
5. 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 dwelling in the Council’s area as indicated in the table below:

Band	2023-24 (£)	2022-23 (£)	Change (£)
A	£289.43	£263.73	£25.70
B	£337.66	£307.68	£29.98
C	£385.90	£351.64	£34.26
D	£434.14	£395.59	£38.55
E	£530.62	£483.50	£47.12
F	£627.09	£571.41	£55.68
G	£723.57	£659.32	£64.25
H	£868.28	£791.18	£77.10

6. To note that the Queen's Park Community Council have issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwelling in the Queen's Park Community Council area as indicated in the table below:

Ratio	Band	Queen's Park Community Council Rate (£)
6	A	31.54
7	B	36.80
8	C	42.05
9	D	47.31
11	E	57.82
13	F	68.34
15	G	78.85
18	H	94.62

7. To note that the Montpelier Square Garden Committee Special Expense for each category of dwelling as indicated in the table below:

Ratio	Band	Montpelier Square Garden Committee Rate (£)
6	A	453.75
7	B	529.38
8	C	605.00
9	D	680.63
11	E	831.88
13	F	983.13
15	G	1,134.38
18	H	1,361.26

8. 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 2023/24 for each part of its area and for each category of dwellings:

Including Westminster City Council element

Ratio	Band	Queen's Park Community Council Rate (£)	Ratio	Band	Montpelier Square Garden Committee Rate (£)	Ratio	Band	Rest of the City of Westminster rate (£)
6	A	350.15	6	A	772.36	6	A	318.61
7	B	408.51	7	B	901.09	7	B	371.71
8	C	466.86	8	C	1,029.81	8	C	424.81
9	D	525.22	9	D	1,158.54	9	D	477.91
11	E	641.93	11	E	1,415.99	11	E	584.11
13	F	758.65	13	F	1,673.44	13	F	690.31
15	G	875.37	15	G	1,930.90	15	G	796.52
18	H	1,050.44	18	H	2,317.08	18	H	955.82

Including Westminster City Council and GLA element

Ratio	Band	Queen's Park Community Council Rate (£)	Ratio	Band	Montpelier Square Garden Committee Rate (£)	Ratio	Band	Rest of the City of Westminster rate (£)
6	A	639.58	6	A	1,061.79	6	A	608.04
7	B	746.17	7	B	1,238.75	7	B	709.37
8	C	852.76	8	C	1,415.71	8	C	810.71
9	D	959.36	9	D	1,592.68	9	D	912.05
11	E	1,172.55	11	E	1,946.61	11	E	1,114.73
13	F	1,385.74	13	F	2,300.53	13	F	1,317.40
15	G	1,598.94	15	G	2,654.47	15	G	1,520.09
18	H	1,918.72	18	H	3,185.36	18	H	1,824.10

9. That the Section 151 Officer be authorised to collect (and disperse from the relevant accounts) the Council Tax and the National Non-Domestic Rate
10. That notice of amounts of Council Tax be published.
11. That the Council does not adopt a special instalment scheme for Council tenants.
12. 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 those delegated officers have discretion to enter into other agreements that facilitate the collection of Council Tax and National Non-Domestic Rate.

13. That the Council does not offer payment discounts to Council Taxpayers.
14. 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.

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Appendix 7 - Equalities Impact Assessment Summary

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 impacts have been considered where appropriate. An Equalities Impact Assessment (EIA) has been produced to review each of the savings' initiatives of the 2023/24 budget, for either the initial assessment only if no equalities impact was determined, or a full EIA if an impact was detected.

A series of additional appendices covering each of the service areas have been produced. Additionally, a SharePoint site containing the EIAs for all savings proposals was created by Member Services for Councillors to review between up until the date of the full Council meeting on 8th March 2023. Members are requested to ask anyone from the team for access to the file if they wish to see them. All assessments were also made available at the Budget Task Group meetings held on 19th and 23rd January 2023 and all Full EIAs are available on the Council's committee's website alongside the agendas and papers for these meetings. A summary of all the assessments is presented below:

Service	Saving Reference	Saving Title	Full or Part EIA
Adults	1.1	Prevention Initiatives	Part
Adults	1.2	Brokerage and Voids	Part
Adults	1.3	Digital Account	Full
Adults	1.4	Income CHC	Full
Adults	1.5	Contract Efficiency	Part
Children's	2.1	Joint Funding Contributions	Part
Children's	2.2	18+ Placement Efficiencies	Part
Children's	2.3	Housing Benefit / Universal Credit for Care Leavers in SIP Optimisation	Part
Children's	2.4	Youth Offending	Full
Children's	2.5	CHS and Libraries Staffing Savings	Full
Children's	2.6	Action for Change Contract	Part
Environment and City Management	3.2	Basement Collection Services	Full
Environment and City Management	3.3	Commercial Waste Income	Part
Environment and City Management	3.4	Electric Waste Fleet	Part
Environment and City Management	3.5	Electric Street Cleansing Service	Part
Environment and City Management	3.6	Adaptive Lighting	Part
Environment and City Management	3.7	Code of Construction Practice	Part
Environment and City Management	3.9	Parking Fee Structure Review	Full
Environment and City Management	3.10	Voluntary SMS charging for Pay to Park Customers	Part

Service	Saving Reference	Saving Title	Full or Part EIA
Environment and City Management	3.11	Moving Traffic Initiatives	Part
Growth, Planning and Housing	4a.1	Housing Services Legal MTFP Savings Proposals	Part
Growth, Planning and Housing	4a.2	Strengthen Homelessness Prevention IN PRS 25/26 & 26/27	Full
Growth, Planning and Housing	4a.3	Housing Needs Legal Savings Proposals	Part
Growth, Planning and Housing	4a.4	Reduction in Storage Budget 2025/26	Part
Growth, Planning and Housing	4a.5	Homelessness Contract Re-design 2026/27	Part
Growth, Planning and Housing	4a.11	Increase Discretionary Planning Fees	Part
Growth, Planning and Housing	4a.12	Increase Volume of Planning Resource Agreements	Part
Growth, Planning and Housing	4a.13	Increase Planning Resource Arrangement Fees	Part
Growth, Planning and Housing	4a.14	Merge Regeneration and Development Teams	Part
Growth, Planning and Housing	4a.17	Restructure Integrated Support Team	Part
Growth, Planning and Housing	4b.1	HRA – Reduction in Annual Major Repairs Allowance	Part
Growth, Planning and Housing	4b.2	Reduction in CWH Staff Incentives	Part
Growth, Planning and Housing	4b.3	HRA Reduction in Corporate Recharges	Part
Growth, Planning and Housing	4b.4	Apply a Vacancy Factor HRA	Part
Growth, Planning and Housing	4b.5	Review of HRA Commercial Assets	Part
Growth, Planning and Housing	4b.6	Housing Services Legal	Part
Growth, Planning and Housing	4b.7	Review of Fees & Charges for Amenities	Part
Growth, Planning and Housing	4b.8	Alternative HRA Delivery Mechanisms	Part
Finance and Resources	5.2	Further Insurance Savings	Part
Finance and Resources	5.3	Finance Departmental Efficiencies	Full
Finance and Resources	5.6	Treasury & Pensions Service to Bexley	Part

Service	Saving Reference	Saving Title	Full or Part EIA
Finance and Resources	5.7	Review of External Legal Fees (including Barristers)	Part
Finance and Resources	5.8	Review of IT Contracts & Licensing	Part
Finance and Resources	5.9	Review of Telephony & Mobile Provision	Part
Finance and Resources	5.13	Procurement Service Review	Part
Finance and Resources	5.16	Smart City and Digital Programme	Part
Finance and Resources	5.18	City Hall Rent Review	Part
Innovation and Change	6.1	Outdoor Media Advertising Screens Phase 2	Part
Innovation and Change	6.2	Events in Parks and Open Spaces	Part
Innovation and Change	6.3	Ward Budgets – remove 2	Part
Innovation and Change	6.4	GCL Non-Pay Efficiencies	Part
Innovation and Change	6.6	Neighbourhood Keepers Programme	Part
Innovation and Change	6.7 & 6.8	Cemeteries Fees & Charges and Parks Closure Review	Part
Innovation and Change	6.10	City Promotions, Events and Filming Fee Review	Part

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Budget Scrutiny Task Group

Date:	13 February 2023
Classification:	General Release
Title:	Budget Scrutiny Task Group Summary Report
Report of:	Councillor Paul Fisher, Chair of the Budget Scrutiny Task Group
Wards Involved:	All
Policy Context:	Fairer Westminster and the 2023/24 draft Budget

1. Foreword from the Chair

As the Chair of the Budget Scrutiny Task Group (BSTG), I would like to extend my thanks to all Members and officers who were involved in the Budget scrutiny process this year. This is a particularly important process as it is the first draft Budget since the local elections in May 2022, reflecting the priorities of a new administration.

I recognise the significant investment of time and energy by officers from all directorates that went into compiling the reports and Equality Impact Assessments, answering Members' questions and following up on requests. I am particularly pleased that Councillors were able to bring their full range of professional expertise and local government experience to the deliberations: this enabled a diverse range of cross-party questions, which facilitated a robust interrogation of the draft Budget.

I am also delighted that we increased the transparency of the scrutiny process by choosing to livestream all the sessions on the Council website and by inviting members of the public to sit in the public gallery. Additionally, with help from the Council's Communications team, I commissioned a video which explained what the BSTG is and how residents can view the proceedings. I am keen that the Council builds on these efforts in future years as we take forward commitments to involve the public more in what we do as a council, including in the budget setting process.

As you will see from this report, the proposed Budget is financially robust with the potential to deliver on the strategic ambitions being pursued by the new administration. As is its function, the BSTG has raised a number of risk areas for monitoring. In some instances, it may be necessary for officers to report back to the relevant scrutiny committees in the year ahead on those risk areas and for officers to have acute regard to concerns raised by Members over the course of the next financial year. However,

we have also highlighted a number of positive features of the Council's overall financial strategy.

2. Executive Summary

The BSTG is the standing task group that meets every year to scrutinise the Budget. The Westminster Scrutiny Commission agreed in July 2007 to set up the 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.”

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

It is technically a task group of the Finance, Planning and Economic Development Policy and Scrutiny Committee and is, usually, chaired by that Committee's chair, albeit the membership does not automatically dovetail with the FPED P&S Committee and is chosen by the Group whips. The membership of the Group in January 2023 was made up of four Majority Group representatives and three Opposition Group representatives. Members were substituted in for different sessions and the following Members participated in at least one Task Group meeting:

- Cllr Fisher (Chair)
- Cllr Caplan
- Cllr Harvey
- Cllr Mendoza
- Cllr Mitchell
- Cllr Ormsby
- Cllr Piddock
- Cllr Robathan
- Cllr Rowley
- Cllr Swaddle
- Cllr Toki

Scrutiny of the draft Budget was held over the following three sessions and the minutes of the meeting are attached to this report which include the topics of discussion.

17 January – Capital session

- All directorates

19 January – Revenue I session

- Children's Services
- Adult Social Care and Public Health
- Growth, Planning and Housing (including HRA)

23 January – Revenue II session

- Finance and Resources
- Innovation and Change
- Environment and City Management

3. Risks

There are a number of risk areas in the draft Budget that the BSTG wishes to highlight for future monitoring and which the Cabinet may wish to consider. Some of these risks may also be issues the relevant Policy and Scrutiny Committees wish to consider in greater depth in due course.

Pimlico District Heating Unit (PDHU)

Concerns were raised that there was no provisioning for a major overhaul of the PDHU in the Housing Revenue Account Capital Budget, especially considering the scale of the work that needs to be undertaken and the associated costs. Whilst there is a total of £13.331m allocated to PDHU for urgent works over the next five years of the Capital programme, there is no reference to a major overhaul. This is due to the fact that the Strategic Outline Case (SOC) has just been approved and further policy, cost and funding analysis needs to be undertaken before budgets can be formally included. However, officers acknowledged that they were both mindful of the need for extensive future work on PDHU and welcomed the BSTG's legitimate comments regarding the need for future provisioning.

Subsequent to the BSTG meetings, the following response was received from officers, which it is only fair to include here:

"The Council is committed to decarbonising the Pimlico District Heating Undertaking (PDHU), which is the Council's largest district heat network and largest emitter of carbon, and renovation of the wider ageing network. A Strategic Outline Case (SOC) was approved in January 2023 to take forward the development of four options for the future of the PDHU. The development of these options will consider a range of factors, including carbon reduction, energy costs for residents and levels of disruption. This is expected to require significant capital investment in the region of £175m to £225m. The current phasing of works and expenditure is not yet determined but is likely to be phased over several years with an aim to deliver the benefits to contribute to meeting the 2030 Council target to be carbon neutral. The full funding for the scheme is yet to be finalised, but will likely be a mixture of government grant, leaseholder contributions and Council funding as the main sources of financing for the scheme. The current budget includes a £13m allowance to support emergency network upgrades to the PDHU and progression of the business case for the scheme."

Council Tax Freeze

The BSTG was provided with information on the cumulative Budget gap if Council Tax is frozen for the coming financial year. The 3% general Council Tax rise for 23/24 which the Council is entitled to adopt, would, if approved by Full Council, cover the anticipated budget shortfall of £2m per annum.

Housing Revenue Account

The BSTG's attention was drawn to the £3.930m of pressures and investments within the Housing Revenue Account Budget and where they are accounted for. These pressures include: repairs service inflation (£2m), increased Health and Safety

requirements (£680k), the need to undertake targeted stock condition surveys (not added to HRA base budget as funded from HRA reserve) (£600k), expanding the number of local housing officers (not added to HRA base budget as funded from HRA reserve) (£550k) to tackle things like damp and mould in aged accommodation and the creation of new estate offices/contact points (£100k).

Oxford Street Programme (OSP)

The OSP and the issue of external funding in the Adult Social Care, Public Health and Deputy Chief Executive Capital Budget. Whilst gross expenditure for the OSP is set at £120m over the next five years, there are currently no assumptions on external funding of the project while the OSP business case is being developed. The BSTG understands from answers given at Full Council on 25 January 2023 that the Cabinet Member for Planning and Economic Development anticipates external funding being a requirement of the as-planned budget for the OSP and that if external funding is not obtained then the projected spend for the OSP will be reduced.

Borrowing Requirements

The BSTG generally commented on the use of borrowing to tackle an ambitious programme of works and queried the assumptions made on these loans. The borrowing requirement in the Budget's General Fund amount to £234.829m in 2023/24 and the Council has set aside £3m a year budget increase for capital financing costs over the course of the Medium-Term Financial Plan.

Minimum Income Guarantee

Questions were raised regarding the minimum income guarantee as part of the leisure contract re-negotiation and the changed risk profile of the leisure service; it was posited that this could become a major cost rather than a major benefit. However, officers were keen to stress that the Council have entered into a profit share arrangement with Sport and Leisure Management (SLM) from February 2023 to June 2026 and, as part of the negotiations, SLM have confirmed they will guarantee the Council income amounting to £400k.

Parking Charges

All members of the BSTG raised the concern regarding how to "square the circle" of reducing car usage on the one hand but recognising the significance of parking fees to revenue in the Environment and City Management Budget on the other. Pressures relating to parking for 2023/24 amount to £2.680m and include: Paid for Parking income declines, residents permit numbers dropping and car clubs income declining in activity. The uncertainty around projects which are dependent on income generation: in 2022/23, the Environment and City Management had a gross controllable expenditure budget of £125.423m and a gross income budget of £128.201m.

Future of Westminster Commission

Members are acutely aware of the work around the Fairer Westminster Commission which could lead to policy changes. The BSTG raised the concern that any potential

spending implications of the Future of Westminster Commission recommendations which have not yet been decided on would not of course be included in this year's budget for scrutiny. However, officers underscored the fact that the Fairer Westminster Commission had no decision-making authority with respect either to policy or the budget. It would be for Cabinet members to consider and adopt the recommendations in the eventuating Fairer Westminster report. Budget implications resulting from the adoption of the same (if any) would then become clear.

Fall in Major Planning Applications

Officers noted that there had been a 60% fall in Major Planning Applications compared to pre-pandemic activity. The downward trend in Major Planning Applications had started prior to the outbreak of the COVID-19 pandemic in 2020 but was a trend exhibited in many other London Boroughs. However, the drop in these applications is significant to the Planning Fees income budgets. The 2022/23 Growth, Planning and Housing General Fund Revenue Budget for the Planning Service area shows a net budget loss of £1.187m. The 2023/24 includes a £2m budget pressure correction to account for the loss of planning income.

Temporary Accommodation (TA)

The £9.717m of pressures on Temporary Accommodation noted by officers results from a combination of market cost pressures and increases in demand. Risks attached to this are intimately linked to the availability of appropriate supply of units, especially regarding the policy of buying homes in-borough or very close to the borough. It was noted that although the unit costs of buying homes in-borough was obviously higher than those units bought out of borough, the projected capital budget for the supply of additional TA homes was higher than previously planned. Officers acknowledged that the increased purchasing programme would not mitigate cost pressures due to the forementioned external market and demand factors.

Funding Grants for Schools

The £185m allocated to the Council through the Dedicated Schools Grant and supplementary funding in 2023/24 remains significantly below current inflation and schools continue to face financial challenges. In the 2023/24 Budget, there are £1.440m of new pressures which include: Short Breaks staffing (£80k), Short Break care packages (£600k) and Special Education Needs transport (£310k). The projected outturn variance for 2022/23 is an overspend of £1.834m.

Westminster Builds

Officers were asked questions regarding the corporate structure of Westminster Builds and whether it was subject to adequate scrutiny. Westminster Builds is in fact comprised of two private limited companies on which various officers sit as Directors. The companies are subject to scrutiny in the form of the Shareholder Committee (which includes Cabinet members), but it was noted that Westminster Builds should be under further scrutiny by Members. This was a comment made in the 2021/22 BSTG process but it is not clear that appropriate scrutiny was implemented during the previous financial year. It is recommended that Westminster Builds and its functions are subject

to greater scrutiny by the appropriate committee during the course of the next year. The Capital Budget proposals for Westminster Builds projects over the next five years total £215.075m which is funded by the Growth, Planning and Housing General Fund via a loan to Westminster Builds. The loan financing to Westminster Builds for 2023/24 is projected to amount to £31.866m for the following schemes: Ebury Phase 2, Luxborough, 300 Harrow Road and Westmead.

4. Positive Observations

There are a number of positive observations which the BSTG wish to highlight:

- (1) **Digital Innovation:** The Council's budget evidences a significant commitment to digital investment and innovation;
- (2) **Contingencies:** Officers have consistently confirmed that there are significant contingencies built into the Budget to mitigate against the uncertain inflationary and external pressures facing the Council over the MTFP. The Council is prudently using the Office for Budget Responsibility forecasts for inflation and interest rates to plan for such eventualities on a contingent basis;
- (3) **Returns:** The expectation of positive returns from the significant borrowing amounts especially in relation to the Finance and Resources Capital Budget. In the usual way, the Council is borrowing in order to invest in significant Capital projects, which are ambitious for Westminster;
- (4) **PPM:** The clear and positive effects of the Planned Preventative Maintenance work in Westminster under the Environment and City Management directorate. PPM works are integral to ensuring the proper functioning of roads and highways in Westminster and the borough has long had a good record of maintaining its public infrastructure;
- (5) **Regent Street funding:** The BSTG notes the positive news that the Council is likely to secure Crown Estate contributions to the Regent Street scheme under the Environment and City Management Capital Budget;
- (6) **City Hall rent:** The reduced City Hall rental uplift is noted. The negotiation of the rent review for City Hall resulted in a lower increase than budgeted for and a saving of £683k;
- (7) **"Electrification":** The BSTG is encouraged by the pioneering electric vehicle charging infrastructure, Westminster's commitment to competitive pricing for use of the infrastructure and the anticipated move to an electrified street cleansing service;
- (8) **Children's Services:** Members are very much aware of the acute financial pressures that face Children's Services including the increasing demand on those services. It is all the more worthy of praise that the department continues to provide an outstanding service especially in regard to the Short Breaks Programme;

- (9) **Additional Stock Condition Surveys:** Members welcome the £600k of HRA funding allocated to targeted additional stock condition surveys planned in the Housing Service;
- (10) **Savings:** The fact that savings have been made from staff restructures and reductions that do not affect is also to be welcomed for front-line services. The BSTG notes that these savings are driven by efficiencies rather than service reduction which would be detrimental to front-line services and the positive working culture for which the Council is well known.

5. The Future of the Budget Scrutiny Task Group

There are ongoing discussions about the future of the BSTG and what improvements can be made to ensure it is an effective tool to scrutinise the draft Budget each year. There are a number of opportunities which can be examined as part of this, which include:

- **Transparency:** A wider communication campaign to ensure that the process is as transparent as possible and offers maximum opportunity for public engagement.
- **Participatory Budgeting:** Linked to the above, ensuring that the role of the BSTG is considered as part of the administration's commitment to public consultation in budget setting.
- **Cabinet Member Participation:** Inviting Cabinet Members to the sessions in order to answer policy questions relating to the Budgets within their respective portfolios. It is understood that Cabinet Members have not historically attended BSTG and there is certainly no criticism of the fact that this practice was continued in 2023. However, the involvement of Cabinet Members would potentially allow for more detailed policy debate as part of the scrutiny process.
- **More Sessions:** The possibility of increasing the number of sessions held to scrutinise the Budgets in appropriate depth.
- **Presentation of Material:** Breaking down the asymmetry of information between officers and Members is critical to the process of scrutiny. It would be helpful if officers could submit a written commentary alongside the presentations to build on the content provided, using clear language and understandable diagrams and tables. The detail within the budget and MTFP is obviously *complex*. For example, it would benefit from the use of detailed defined terms/glossaries etc. This explanatory work would not necessarily need to be repeated as it would pertain to future budgeting years. Part of the abovementioned process might also involve holding informal, cross-party 'walk-through' sessions prior to the scrutiny sessions to make sure the content of the Budgets is clear.
- **Suspension of Policy and Scrutiny Committees:** There is an open question for debate as to whether it is really necessary for the Policy and Scrutiny Committees to effectively be suspended during the budgeting process. The

amount of time involved in being a member of the BSTG should not be underestimated, but the timetable could probably be accommodated. In addition, given that the BSTG is a sub-group of the FPED, the Majority and Opposition Whips should consider the extent to which members of the FPED should automatically be opted-in to the BSTG. At present, there is a half-way house in which FPED members may not be on the BSTG but (understandably) consider themselves responsible to some degree for scrutinising the budget. This is not ideal.

APPENDICES:

- A. Minutes from a meeting of the Budget Scrutiny Task Group on 17 January 2023.
- B. Minutes from a meeting of the Budget Scrutiny Task Group on 19 January 2023.
- C. Minutes from a meeting of the Budget Scrutiny Task Group on 23 January 2023.



CITY OF WESTMINSTER

MINUTES

Budget Scrutiny Task Group

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget Scrutiny Task Group** held on **Tuesday 17th January, 2023**, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Paul Fisher (Chair), David Harvey, Alan Mendoza, Angela Piddock, Paul Swaddle and Aziz Toki.

Also Present: Gerald Almeroth (Executive Director of Finance and Resources), Jake Bacchus (Director of Finance), Mark Banks (Head of Waste and Cleansing), Claire Barrett (Director of Corporate Property), Joginder Chana (SFM City Management and Communities), Luke Chiverton (Financial Consultant – HRA), Adam Coates (SFM Growth Planning and Housing), Bernie Flaherty (Deputy Chief Executive and Executive Director of Adult Social Care and Public Health), Lyndsey Gamble (SFM Strategic Projects and Commercial Lead), James Green (Director of Development), Claudia Hemsley (Head of I.P.D), Bethany Llewellyn (FM Corporate Finance), Debbie Jackson (Executive Director of Growth, Planning and Housing), Georgina Nash (SFM Commercial), Sarah Newman (Executive Director of Children’s Services), Manisha Patel (Director ASC Gov Ops Oxford St), Phil Robson (Head of Operations), Jonathan Rowing (Head of Parking), Rikin Tailor (SFM Head of Corporate Finance), Ryan Whitaker (FM City Management and Communities Highways), Kim Wreford (SFM Corporate Services), and Clare O’Keefe (Lead Policy and Scrutiny Advisor).

1 WELCOME

1.1 The Chair welcomed those present to the Budget Scrutiny Task Group (BSTG).

1.2 The Chair noted that there had been no apologies given.

2 DECLARATIONS OF INTEREST

2.1 Councillor Piddock declared an interest in respect of Item 3.2.G as she is a school Governor at Westminster Academy and Queen’s Park Foundation.

3 2023/2024 CAPITAL BUDGET

3.1 Capital Budget Overview 2023/24 and Financial Summary

3.1.1 The Chair stated that in order to allow maximum time for questions, once the session moves on to Item 3.2, the BSTG will not receive individual presentations by Directorates and will instead go straight into questions as all BSTG Members

had read the papers thoroughly.

3.1.2 Gerald Almeroth (Executive Director Finance and Resources) presented the Capital Budget Overview 2023/24 and the Financial Summary for the General Fund and Housing Revenue Account (HRA).

3.1.3 The BSTG Members understood how the capital strategy aligned with the Fairer Westminster objectives, which includes maximising the amount of truly affordable homes and active travel schemes for instance. Members were advised that alongside the delivery of policy objectives, the Capital Budget allows for the continuation of asset maintenance. The BSTG noted that whilst the Capital Budget focuses on the next five years, the long-term view of a further ten years is also taken into consideration.

3.1.4 Jake Bacchus (Director of Finance) provided an overview of key funding streams, including the Affordable Housing Fund, Community Infrastructure Levy (CIL) and Section 106 (S106).

3.1.5 Members queried:

- Capital receipts and the proportion of this which relates to sales and material impacts.
- The level of sensitivity which has been predicted for, and the assumptions on, the sales of residential properties.
- Whether the assumptions made on CIL and S106 by looking at past activity as a guide are prudent enough, or whether assumptions need to change because of market movement between the years.
- The income produced from S106 compared to that produced from CIL.
- The increased borrowing alongside the 'smoothing fund' and it being a function of when spend happens and capital receipts come in.
- The reduction of borrowing requirement in future years due to sizable increase in external funding and use of CIL in schemes.
- The lack of expenditure noted in the Capital Budget for the Adults and Deputy Chief Executive Directorate in year 2026/27 and onwards.

3.2 EXECUTIVE LEADERSHIP TEAM SUMMARIES

3.2.A Adult Social Care, Public Health and Deputy Chief Executive 2023/24 Capital Budget

BSTG Members noted from the written report the Adult Social Care, Public Health and Deputy Chief Executive 2023/24 Capital Budget, with a five-year plan totalling £120.119m. Bernie Flaherty (Deputy Chief Executive and Executive Director of Adult Social Care and Public Health) responded to queries.

Members queried:

- The Oxford Street Programme (OSP) and the absence of reference to external funding in the Capital Budget.
- The changes made to the OSP between administrations, the schemes within the OSP scope, and the financing of the altered Programme.

- Factors that would be deemed too much of a risk to keep the OSP going, and the stages of this.
- The results of the de-scoping exercise for the OSP and whether potential savings in the Programme would come through to the Budget.
- The ambitions for borrowing in regard to the OSP.
- Challenge that there is no investment in new technology presented in the Adult Social Care and Public Health Capital Budget that would see improvement in services and deferment of revenue costs in the future.

3.2.B Growth, Planning and Housing HRA 2023/24 Capital Budget

BSTG Members noted from the written report the Growth, Planning and Housing 2023/24 Capital Budget for the Housing Revenue Account (HRA). The HRA five-year Capital Budget covers two main areas of expenditure: Housing Planned Maintenance (£304.55m), and Development and Regeneration (£461.35m). Debbie Jackson (Executive Director of Growth, Planning and Housing) responded to queries.

Members queried:

- The assumptions made in the HRA Capital Budget, the effect of inflation on these and how contingencies are built in.
- The gathering of intelligence regarding: materials, contingencies, understanding supply lines and restrictions, reviewing programmes, risks, innovations, and impact on the public.
- The profile of the Major Repairs Allowance and the asset planning process resulting in the fluctuation of figures over the next five years.
- The Pimlico District Heating Unit (PDHU) being not simply a heating unit but a network and other priorities being pushed ahead of this despite the issue growing each year.
- There being no allocation, or placeholder, in the Capital Budget for PDHU regeneration in the next five years or future years which was viewed irregular considering the OSP has an allocation despite being a fledgling project.
- The scale of the funding required for the PDHU overhaul.
- The timeline for the PDHU and where it fits in with the five-year or fifteen-year plan. Despite being outside the purview of this Capital Budget, the benefits the programme would deliver are important.
- The Planned Maintenance programme, the profile of associated costs and the drivers of the profile.
- The allowance for major repairs and the profile major repairs follows.
- Relations with contractors on major works and regeneration projects and engagement with residents on these projects.
- The funding inputs into the HRA account and the key products of the next five years.
- The reasons behind the assumptions made for Planned Preventative Maintenance and the major repairs allowances.

ACTIONS

1. The BSTG will receive a written response to the question of why there is no provision for DPHU in the Capital Budget.
2. The BSTG will be provided reasons behind the Planned Preventative Maintenance and major repairs allowances.

3.2.C Growth, Planning and Housing GF 2023/24 Capital Budget

Debbie Jackson (Executive Director of Growth, Planning and Housing) presented the Growth, Planning and Housing General Fund Capital Budget, with a five-year plan totalling £656.5m.

Members queried:

- The Strand Aldwych improvements and obtaining funds from private sector partners.
- Whether the uplift of £85m will go towards the Temporary Accommodation policy of buying homes in-borough or very close to the borough, and potentially buy less given the cost of homes in Westminster, or whether the costs allocated to Temporary Accommodation will rise to achieve the policy.
- The projected unit costs for Temporary Accommodation both in-borough and out-of-borough and the benchmark of the scheme becoming unaffordable.
- The significant acquisitions in the North of the borough and if the costs were already in the regeneration programme pipeline, and whether the Climate Action, Housing and Regeneration Policy and Scrutiny Committee would be considering any of the regeneration projects in the future.

ACTIONS

1. The BSTG will receive a written response regarding the allocations for in-borough and out-of-borough Temporary Accommodation.

3.2.D Growth, Planning and Housing Westminster Builds 2023/24 Capital Budget

Debbie Jackson (Executive Director of Growth, Planning and Housing) presented the Westminster Builds 2023/24 Capital Budget, with a five-year plan totalling £215.075m.

Members queried:

- The process of charges for Westminster Builds.
- How Westminster Builds is scrutinised, especially as this was requested at last year's BSTG.
- The delivery plan for Ebury phases 2 and 3 and ensuring that what is planned works for both the Council and Westminster Builds.
- The prices between units and developments of Ebury sites 2 and 3 and analysis that has been undertaken across the programme to deliver homes and comparisons to other areas.

ACTIONS

1. The BSTG will be provided an explanation of the figures assigned against Westminster Build's Ebury sites 2 and 3 as the table had incorrect descriptors.
2. Westminster Builds should be considered in more detail by the relevant Policy and Scrutiny Committees.

3.2.E Finance and Resources 2023/2024 Capital Budget

Gerald Almeroth (Executive Director Finance and Resources) presented the Finance and Resources 2023/24 Capital Budget, with a five-year plan totalling £389.607m.

Members queried:

- Reasons behind the costs for the Seymour Leisure Centre increasing from the original budget.
- The use of Huguenot House and whether costs associated around these plans are still based on a scheme of complete demolition and rebuild, or whether a different scheme is being considered.
- Whether the spend on digital innovation and infrastructure is enough, the outcomes this funding will produce and benchmarks against other local authorities.
- The drivers behind the Coroners Court Extension, the contributions from other boroughs and funds from external sources.
- The sizable amount of borrowing to fund the capital programme over the next five years and the reasons behind this.
- The amount of borrowing required and the returns expected to justify the burden of the borrowing levels.
- The composition of the costs under 'Property – Other' and how the five-year forecast has been formed.

ACTION

1. The BSTG will receive a written response regarding the five-year forecast of the 'Property – Other' figures.

3.2.F Environment and City Management 2023/24 Capital Budget

Phil Robson (Head of Operations) presented the Environment and City Management 2022/23 Capital Budget, with a five-year plan totalling £296.778m.

Members queried:

- The Regent Street scheme and the proposal to move this from a temporary scheme to permanent and whether the costings will remain the same as presented in the Budget.
- The prospect of funding from the Crown Estate contributing to the Regent Street scheme.
- The benefits and clear effect of the Planned Preventative Maintenance work.
- Whether funding can be sourced from other avenues for Security Schemes.
- Electric vehicle charging infrastructure and the appropriate size and scope of this, including a range of providers who manage the charging points which maintains competition.

- Projections regarding the waste fleet and innovation in its infrastructure beyond the next five years, especially asset positions.
- Highways Planned Preventative Maintenance and amount of contracts, including frequency of those going out to tender and corporate investment in this procurement.
- Public convenience renovation and the roll out; whether this will be in response to pressure and demand, including the proportion of funding allocated to areas outside of the West End and St James' wards.

ACTIONS

1. The BSTG will receive information on Highways Planned Preventative Maintenance and corporate investment in procurement.
2. Procurement and Highways Planned Preventative Maintenance will be raised as an option for the Member Training Programme.

3.2.G Children's Services 2023/24 Capital Budget

BSTG Members noted from the written report the Children's and Family Services 2023/24 Capital Budget, with a five-year plan totalling £15.021m. Sarah Newman (Executive Director of Children's Services) responded to queries.

Members queried:

- The allocation of funding from the Department of Education and the factors that feed into the amount allocated.
- The majority of the Capital Budget being spent on school buildings and ensuring places for children with Special Education Needs.
- The contribution to the Budget from Dioceses.
- The absence of projected expenditure and how uncertainties are built into a three-year forecast through population trends, consultations and trials of schemes.
- The likelihood of projects being unrealistic in terms of demographics, the relationships that are being built, communications around projects and whether funding is being repurposed to accommodate for changing demographics.

3.2.H Innovation and Change 2023/24 Capital Budget

The BSTG noted that the Innovation and Change 2023/24 Capital Budget, has a five-year plan totalling £17.003m. Pedro Wrobel (Executive Director of Innovation and Change) was not in attendance, but questions were answered by Gerald Almeroth (Executive Director Finance and Resources) on his behalf.

Members queried:

- The source of the funding for Community Hubs and the necessity of a breakdown of the £10m allocated to this.
- The Paddington Recreation Works programme, and the need to improve green spaces in the South, despite Paddington Recreation being classed under leisure rather than parks.
- Active Westminster and what this comprises of.

ACTIONS

1. The BSTG will be provided with a breakdown of the funding allocated to Community Hubs.
2. The BSTG will receive an overview of Active Westminster.

The meeting ended at 20:32.



MINUTES

CITY OF WESTMINSTER

Budget Scrutiny Task Group

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget Scrutiny Task Group** held on **Thursday 19th January, 2023**, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Paul Fisher (Chair), David Harvey, Tim Mitchell, Angela Piddock, Ian Rowley, Aziz Toki and Jason Williams.

Also Present: Gerald Almeroth (Executive Director of Finance and Resources), Jake Bacchus (Director of Finance), Luke Chiverton (Financial Consultant – HRA), Adam Coates (SFM Growth Planning and Housing), Bernie Flaherty (Deputy Chief Executive and Executive Director of Adult Social Care and Public Health), Lindsey Gamble (SFM Strategic Projects + Commercial Lead), Stuart Love (Chief Executive), Debbie Jackson (Executive Director of Growth, Planning and Housing), Amit Mehta (Strategic Finance Manager), Sarah Newman (Executive Director of Children’s Services), Zohaib Nizami (SFM Adults and Public Health), Anna Raleigh (Director of Public Health), Anita Stokes (Lead SFM Children’s), Rikin Tailor (SFM Head of Corporate Finance), Neil Wightman (Director of Housing), and Clare O’Keefe (Lead Policy and Scrutiny Advisor).

4 WELCOME

- 1.1 The Chair welcomed those present to the Budget Scrutiny Task Group (BSTG).
- 1.2 The Chair noted that there had been no apologies given.

5 DECLARATIONS OF INTEREST

- 2.1 There were no declarations of interest.

6 MEDIUM TERM FINANCIAL PLAN 2023/2024

- 3.1. Items 3.1 to 3.5 were taken together under Item 3.1.
 - 3.1.1 Gerald Almeroth (Executive Director Finance and Resources) introduced the report to the BSTG. Jake Bacchus (Director of Finance) presented an overview of the 2023/24 Budget, including background and context for setting the Budget.
 - 3.1.2 Gerald Almeroth informed the BSTG on Fairer Westminster, the 2022/23 Budget and the Medium Term Financial Plan (MTFP) Budget Gap to 2026/27.
 - 3.1.3 Members queried:
 - Assumptions about Council Tax policy going forward, how Council Tax maintains real value and ensure other services do not suffer.
 - The reasons for drawdown and then payback into the reserves.

- Even though the Future of Westminster Commission cannot commit the Council to any spending, there is no provision in the Budget further than 2023/24 on what the spending implications of the Commission is, including potential trade-offs.
- The implications of inflation falling back and the effect of this on the Budgets; what forecasting is undertaken and what impact is anticipated from volatile external factors.
- The savings made from inflation falling but the loss on interest rates.
- The risks in the risk register; what are the things most concerning, what could stay a risk and what could go well despite the risk.
- Social care related grants, including ringfenced funding and the revenue implications of this, especially considering repurposed funding earmarked towards the 2023 Adult Social Care reform.
- The corporate provision in the Budget to absorb external shocks, especially when considering the projected savings such as reducing the valuation of new pressures in 2023-25 and moving them to nil in 2025-27.
- The benchmarks used by the Office of Budget Responsibility to make and test inflation projections.
- The decision to implement needs assessments and business rates reset reforms after 2025/26 due to the Department for Levelling Up, Housing and Communities.
- The degree of movement allowed within the Designated Schools Grant and Budget and Supplementary Schools Funding.
- The drop in Major Applications which the Council income relies heavily on and whether this is comparative across other local authorities, including neighbouring boroughs.

3.2 EXECUTIVE LEADERSHIP TEAM SUMMARIES

3.2.A Children's Services 2023/24 Budget

Sarah Newman (Executive Director of Children's Services) presented the Children's Services 2023/24 Budget.

Members queried:

- The Council's MTFP when anticipating inflationary pressures on budgets and the amount of government funding not increasing in line with inflation.
- The Council pursuing funding for Special Educational Needs (SEN) and disabled children, as well as children leaving care.
- The gross and net controllable expenditure budgets for years 2021 to 2023 and the difference in budget during these years.
- The income from service areas and where this is derived.
- The staff savings in Children's revenue and the Directorate's role to ensure that these relatively small savings will not impact on the service.
- Whether the Budget allows for increased numbers of children coming into the borough, especially unaccompanied asylum-seeking children from Ukraine for instance and the flexibility of the Budget to manage this.

- The increasing cost of early intervention for children with SEN who do not have a statutory educational health and care plan and whether the Council's significant investment is saving costs for the future.
- The savings made on staffing: whether this refers to frontline or back-office staff, whether wider staffing savings is projected over a number of years and whether the Equality Impact Assessments have been used as a guiding principle for the changes.
- The outstanding service provided by the Children's directorate was noted.
- The Short Breaks Programme, especially the pressure on the Tresham Centre, and detail on the exploration into services being delivered from a single location.

ACTIONS

1. The BSTG will be provided with the percentage of school population of children with educational, health and care plans.

3.2.B Growth, Planning and Housing HRA 2023/24 Budget

Debbie Jackson (Executive Director of Growth, Planning and Housing) presented the Growth, Planning and Housing 2023/24 Budget for the Housing Revenue Account (HRA).

Members queried:

- The £3.930m of pressures and investments within the HRA Budget and where they are accounted for.
- The drawing down from reserves to undertake targeted stock condition surveys.
- Measuring the impact of the 7% rent uplift and ensuring that those in Westminster who need particular help know how they can access this.
- The sensitivity estimates and reliability of the rent collection predictions; how residents will cope with the uplift in rent and how this information is collected.
- The risk inflation poses in relation to repairs and how this has been factored in costings.
- The number of additional stock condition surveys that the increased funding will provide.
- The evidence behind the decision to bring paralegal services in-house.
- The savings benefits of undertaking repairs in a more efficient way and the engagement undertaken with residents.
- The funding allocated to new estate offices and contact points, the breakdown of this and the identification of voids that could be converted into estate offices.
- The benefits to expanding the number of local housing officers, and the reasons behind it being only a pilot for 18-months rather than permanent.

ACTIONS

1. The BSTG will receive explicit information on the pressures and investments within the HRA Budget and where these are accounted.
2. The BSTG will be provided with figures relating to repairs engagement with residents.
3. The Director of Housing will liaise with Councillor Toki regarding a specific Estate Manager vacancy.

3.2.C Growth, Planning and Housing GF 2023/24 Budget

Debbie Jackson (Executive Director of Growth, Planning and Housing) presented the Growth, Planning and Housing General Fund Budget.

Members queried:

- Whether the Council is thinking ahead beyond the Homelessness Prevention Grant and becoming more self-sufficient, or whether there is confidence on relying on Government grants in the future.
- The impact on families, particularly large families, who need help regarding Temporary Accommodation and the extra funding in the Capital Budget and Revenue Budget for this.
- The predicted fall and then increase in planning fee income: how sustainable this is, does this focus on commercial or private and what industry consultation has been undertaken to predict this.
- The behavioural impact for planning applications, especially on smaller developers.
- The review of the Planning Service and what this will entail.
- The impact on services by merging the Regeneration and Development departments and detail on the savings.
- Financing proposals and the pressures and investments which accompany this.
- The planned cuts to the Westminster Adult Education Service and whether this will impact on services currently being provided.

3.2.D Adult Social Care and Public Health 2023/24 Budget

Bernie Flaherty (Deputy Chief Executive and Executive Director of Adult Social Care and Public Health) presented the Adult Social Care 2023/24 Budget.

Members queried:

- The £200k allocated to mental health complexity and whether this is optimistic considering the percentage of residents that are assessed end up in secured psychiatry hospitals and the risk of this figure increasing.
- The increased pressure on primary care mental health services and whether this has not only come from residents but also is a reflection on the variable service levels provided by mental health colleagues.
- Direct Council representation on the Integrated Care Board, local authority partners and changes in North West London.
- Mental health coverage in the South of the borough, especially considering the future of the Gordon Hospital. This ties in with the South not getting enough support in general as the North.

- Brokerage and voids; what support is available to residents who need a service.
- The methods of forecasting learning and disability needs and whether resident's lives have become more difficult, or we simply now know more about resident's lives.
- The major underlying risks to accessing funding.

3.2.E Public Health 2023/24 Budget

Anna Raleigh (Director of Public Health) presented the Public Health 2023/24 Budget.

Members queried:

- Risk levels in the Public Health Budget if Government grant levels change and the length of time that reserves will be able to cope with a sustained fall in Government grants.
- Reserves for Public Health that are held separately in the Public Health Budget rather than in the General Fund.

The meeting ended at 20:25.



CITY OF WESTMINSTER

MINUTES

Budget Scrutiny Task Group

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget Scrutiny Task Group** held on **Monday 23rd January, 2023**, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Paul Fisher (Chair), Melvyn Caplan, Ellie Ormsby, Angela Piddock, Paul Swaddle, Rachael Robathan, and Aziz Toki.

Also Present: Gerald Almeroth (Executive Director of Finance and Resources), Jake Bacchus (Director of Finance), Mark Banks (Head of Waste and Cleansing), Joginder Chana (SFM City Management and Communities), Nicky Crouch (Director of Public Protection and Licensing), Damian Hemmings (Climate Emergency Programme Director), Amy Jones (Director of Environment), Stuart Love (Chief Executive), Phil Robson (Head of Operations), Jonathan Rowing (Head of Parking), Serena Simon (Director of Communities), Rikin Tailor (SFM Head of Corporate Finance), Lee Witham (Director of People Services), Kim Wreford (SFM Corporate Services), Pedro Wrobel (Executive Director of Innovation and Change), and Clare O’Keefe (Lead Policy and Scrutiny Advisor).

7 WELCOME

- 1.1 The Chair welcomed those present to the Budget Scrutiny Task Group (BSTG).
- 1.2 The Chair noted that there had been no apologies given.

8 DECLARATIONS OF INTEREST

- 2.1 There were no declarations of interest.

9 MEDIUM TERM FINANCIAL PLAN 2023/2024

- 3.1. Items 3.1 to 3.5 were taken together under Item 3.1.
 - 3.1.1 Gerald Almeroth (Executive Director Finance and Resources) introduced the report to the BSTG. Jake Bacchus (Director of Finance) presented an overview of the 2023/24 Budget, including background and context for setting the Budget.
 - 3.1.2 Gerald Almeroth informed the BSTG on Fairer Westminster, the 2022/23 Budget and the Medium Term Financial Plan (MTFP) Budget Gap to 2026/27.
 - 3.1.3 Members queried:

- The new savings and pressures in the MTFP which have been forecasted to tail off in year 2024/25 and whether this is a prudent forecast.
- The healthy interest figure in the MTFP and whether underlying assumptions regarding the net cash reserves of the Council reflect the projected shift of being a net interest earner to taking on more debt and drawing down on reserves.
- Whether the merging of two schools, and the prospect of needing to merge more, will impact on levels of Government funding because falling rolls and rising costs mean schools can't keep going with the number of pupils they have.
- The ringfenced funding that the schools receive and whether costs from merged schools can be redistributed within the school's service.
- Proposals to close the 2023/24 Budget gap, including Council Tax and the possibility of this rising, as well as whether using reserves to absorb the gap and balance the Budget is sustainable.
- The £5m net overspend and whether this will come from reserves or the General Fund.
- The assumptions given to interest rates and what has been assumed in the Budgets, and how.
- The assumption going forward relating to investing cash; whether cash will continue to be invested in short-term funds to gain high interest rates or whether officers will start thinking about longer investments to lock in a high rate before interest falls.
- Use of loans to tackle an ambitious programme of works and whether assumptions need to change, especially in relation to construction and what indices are being looked at to make those decisions.
- The decision behind using £5.6m from the reserves to pay for Fairer Westminster.
- How measurements of vulnerability are being made to target vulnerable residents to provide support during the Cost-of-Living Crisis.
- The number of residents who were eligible for the £150 Council Tax rebate and received these funds, acknowledging those residents who do not pay their Council Tax via direct debit and for whom the process was not automatic.

ACTIONS

1. The BSTG will be informed of the number of residents who were eligible for the £150 Council Tax rebate and received those funds.

3.2 EXECUTIVE LEADERSHIP TEAM SUMMARIES

3.2.A Finance and Resources, People Services 2023/24 Budget

Gerald Almeroth (Executive Director of Finance and Resources) presented the Finance and Resources, People Services 2023/24 Budget.

Members queried:

- The savings made from fees and charges increases and where these derive.
- The impact of lost income from businesses who have been forced to close from the Cost-of-Living Crisis.
- The good news regarding the reduced City Hall rental uplift.

- The purchase of energy and the timeline of when the Council needs to secure 100% of all energy requirements before the end of this fiscal year for 2023/24.
- The improved reporting and control efficiencies in the finance department and what the savings mean.
- The procurement service review of staffing levels and whether this represents a shift of resource for new activity or reducing staff.
- The Fairer Westminster Responsible Procurement Strategy; whilst there is a reduction in procurement spend, there are funds being invested under Responsible Procurement and what these are.
- Whether the 2% growth target for Investment Property is realistic especially concerning voids, pressure on rental levels and the Cost-of-Living Crisis.
- The £2m in savings under Digital and Innovation and how this will be achieved.
- The revenue implications of the Fairer Westminster Responsible Procurement strategy.
- The Tech Lions 2.0 apprenticeship campaign, including how far along this is as well as where from and how apprentices have been recruited.
- Whether the Smart City and Digital Programme efficiency savings have had input from services when historically ideas have been difficult to obtain.
- Why the disaggregation of the Bi-Borough IT service savings are no longer achievable.
- Whether the procurement process is too onerous for Small and Medium-sized Enterprises who are at risk of becoming exempt from some of the rigours of the process.
- The risk of generating false economies in relation to reviewing external legal fees and ensuring that this is driven by a change in service rather than savings.

ACTIONS

1. The BSTG will receive a breakdown of the funds being invested under the Fairer Westminster Responsible Procurement Strategy.
2. All Councillors to have an opportunity to meet the Tech Lions 2.0 apprentices.
3. The Bi-Borough Director of Law to provide more information on the review of external legal fees.

3.2.B Innovation and Change 2023/24 Budget

Pedro Wrobel (Executive Director of Innovation and Change) presented the Innovation and Change 2023/24 Budget.

Members queried:

- The Policy and Scrutiny Committees responsible for Sport and Leisure and Communities as there are significant changes to these areas and it's important that proper scrutiny is undertaken.
- Details on the expansion of advertising screens, including proposed locations.
- The implications of parks not being locked or having staggered locking times, especially concerning Anti-Social Behaviour issues and the need for thorough consultation with Councillors and residents before decisions are made.

- The minimum income guarantee as part of the leisure contract re-negotiation and the changed risk profile of the leisure service where it could become a major cost rather than a major benefit.
- The £672k additional resource requirement under the Communities department and what this means in terms of staffing.
- The £200k spend on commissioning a review of the City Plan and what this will encompass.
- The Neighbourhood Keepers scheme and, now that it is coming to an end, whether the communities it served will suffer from the loss.
- The increased income garnered from cemeteries, which exceeded the Budget, and changes in behaviour.
- The nature of the savings proposals being residents-facing, rather than back-office reviews of the effectiveness of the directorate, and the impact of these proposals on residents.
- The reason for the £300k difference between income for 2022/23 and 2023/24 under communications.
- The Westminster Advice Service Partnership Contract and the impact of this contract as well as value for money.
- The resources shifted from the Ward Budget Programme as a result of two wards being removed and whether the decision not to split the savings between the remaining wards is fair to those wards who do allocate 100% of their funds each fiscal year.
- The fees and charges for leisure contracts in the current economic climate, and the service provided to users if services are cut.

ACTIONS

1. The BSTG will receive more information on the minimum income guarantee as part of the leisure contract re-negotiation as well as fees and charges.

3.2.C Environment and City Management 2023/24 Budget

Amy Jones (Director of Environment) and Phil Robson (Head of Operations) presented the Environment and City Management 2023/24 Budget.

Members queried:

- The internal approach to combat the issue of discouraging car use in the City but recognising the Budget's reliance on parking income.
- The consideration given to those who can least afford the impact of measures in regard to car use and parking and those who need to use cars especially outside of the central areas.
- Road safety initiatives and the income they generate as well as the introduction of additional cameras needing to be based on evidence.
- Parking being a significant figure set against a backdrop of falling car usage and the likelihood of electric vehicles coming within the charging remit to hit the set income targets: this needs to be understood to understand the assumptions in the forecast.
- Whilst delighted to have an electric street cleansing service, concerns were raised about whether moving to more waste collections a week means that this

will be a pressure on costs and where this is set out in both the Veolia contract as well as the Budget.

- The Environment and City Management Budget being a large risk to the general Budget due to its dependency on income and care should be placed not to onerously tax visitors to the City.
- The concern regarding the absence of pressures of revenue items in the Budget despite many changes being income driven.
- Ensuring that timetabling for the Parking Structure Review is correct and receives scrutiny from the relevant Policy and Scrutiny Committee before consultation starts.
- The consideration of what is termed as a reasonable parking permit cost, especially acknowledging that Driver and Vehicle Licensing Agency tiers are restrictive, and the wrong vehicles could be taxed.
- Road safety initiatives and what offences can be charged for, including moving traffic and school streets.
- The confidence regarding a lack of pressures or cost increases indicated in wide areas such as waste.
- The impact of the Future City Management Public Protection and Licensing review, the lack of savings made and change to frontline service.
- Optional SMS Charging and the decision to uplift the charge from its introduction last year in a market where parking is declining.
- The £600k investment in Fairer Westminster proposals and what specifically this is being spent on.
- The potential for a visitors parking scheme especially considering visitors such as carers who need to regularly drive into the City.

ACTIONS

1. Proportionality should be ensured when considering the impact of car use and parking measures.
2. The BSTG to receive a response on whether the increase in waste collections will be a pressure on costs or if this is set out in the contract.
3. The Communities, City Management and Air Quality Policy and Scrutiny Committee will scrutinise the Parking Structure Review prior to consultations.
4. The BSTG to receive a breakdown of the £600k investment in Fairer Westminster proposals.
5. Officers to investigate a targeted approach to a visitors parking scheme.

The Chair registered his thanks to all those who were involved in this year's Budget Scrutiny Task Group and recognised the significant investment in time and energy provided by officers and Members.

The meeting ended at 20:48.

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City of Westminster

Cabinet

Decision Maker: Cabinet

Date: 13 February 2023

Classification: General Release

Title: Capital Strategy 2023/24 to 2027/28, Forecast Position for 2022/23 and Future Years Forecast to 2036/37

Wards Affected: All

Financial Summary: The Council has a proposed gross capital programme up to 2036/37 of £2.740bn, partially offset by £1.363bn of income, giving a net budget of £1.377bn – which is to be funded by borrowing. The cost of borrowing has been built into the revenue implications of the capital strategy.

Report of: Gerald Almeroth, Executive Director – Finance & Resources

1. Executive Summary

- 1.1. The report sets out the Council's capital strategy from 2023/24 to 2027/28 and summarises the position up to 2036/37.
- 1.2. The general fund capital programme as detailed in Appendix A, proposes a gross budget of £2.740bn and a net budget of £1.377bn (after taking into account income from grants and capital receipts). The capital programme of the Housing Revenue Account is set out separately in the HRA Business Plan which accompanies this report as part of the Council's annual budget setting process.
- 1.3. The long-term capital investment plan is underpinned by the objectives of the Council's policy objectives. Capital proposals are considered within the Council's overall medium to long-term priorities, and the preparation of the

capital programme is an integral part of the financial planning process. This includes taking account of the revenue implications of the projects as part of the revenue budget setting process. The Council continues to set aside additional revenue funding each year to cover the financing costs of the programme in accordance with previously stated plans. Earmarked reserves are also maintained to support the financing of the capital programme and provide a sustainable approach to funding through the Medium-Term Financial Plan.

2. Recommendations

That Cabinet recommend to Full Council:

- 2.1. To approve the capital strategy as set out in this report.
- 2.2. To approve the capital expenditure for the General Fund as set out in Appendix A for 2023/24 to 2027/28 and future years to 2036/37.
- 2.3. To approve that all development and investment projects, along with all significant projects follow the previously approved business case governance process as set out in section 8 of this report.
- 2.4. To approve that no financing sources, unless stipulated in regulations or necessary agreements, are ring fenced.
- 2.5. To approve the proposed financing of the capital programme and revenue implications as set out in section 12 of this report.
- 2.6. To delegate to the Executive Director of Finance and Resources the decisions surrounding financing of the capital programme to provide sufficient flexibility to allow for the most effective use of the Council's resources.

3. Reasons for Decision

- 3.1. The objectives of this capital strategy are to:
 - Prioritise and co-ordinate funding to achieve the Council's Fairer Westminster vision;
 - Ensure that capital resources are directed to maintain the Council's statutory requirements across its asset base;
 - Invest in the most beneficial projects to meet Westminster's long-term requirements;
 - Manage investment effectively and efficiently.

- 3.2. The Council is required, under the CIPFA Prudential Code, to agree a capital strategy that is prudent and sustainable. The revenue budget is set as part of the Medium-Term Financial Plan (MTFP), and this supports the financing of the capital programme set out in this report.
- 3.3. Capital expenditure is defined as expenditure that is predominantly incurred on buying, constructing or improving physical assets such as land, buildings, infrastructure and equipment.
- 3.4. The Council is required to set a balanced revenue budget, and the capital programme forms part of this overall process.

4. Fairer Westminster Strategy

- 4.1. Westminster City Council's policy objectives are set out in the Fairer Westminster Strategy and this creates the overarching strategic direction that this Capital Strategy supports.
- 4.2. The Council has an ambitious yet realistic capital programme with a plan to invest up to £2.740bn (general fund) over the next 15 years. The investment in capital and assets on this scale is a foundation in enabling the Council to achieve its Fairer Westminster ambitions.
- 4.3. The Council launched its new Fairer Westminster strategy on 4 October 2022 to set out the outcomes it wants to deliver (supported by the Capital Strategy) for the City. The Fairer Westminster ambitions are:

➤ Fairer Communities

By working with its communities and celebrating diversity, the Council will build a more inclusive city where inequality is reduced, everyone feels welcome and discrimination is tackled, adults can stay healthy, community and voluntary sector organisations prosper, and children have a great place to grow up. Examples are:

- Making improvements to our public toilets including re-opening the ones at Maida Hill Market, upgrading Broadwick Street's auto-toilet and reviewing the West End's temporary toilets.
- Making physical activity more accessible through our refurbished community leisure centres, playgrounds, and outdoor gyms. Including refurbishment of the Seymour Centre to ensure updated facilities for the local community and incorporating the library.
- Investment in schools including investment in maintained schools to comply with good asset management in accordance with DfE guidelines and adaptations and alterations of schools to improve High

Needs and Family Support provision through the SEN High Needs and Family Support project.

- Ongoing work within many projects providing facilities and ongoing refurbishment and accessibility within Council Properties for the local communities: Tresham Centre; Queen's Park Family Hub; Changing Places; Community Facing Facilities, Landlord Responsibility budget, and Accessibility Programme: Access & Inclusion and the new Community Hubs project.

➤ **Fairer Environment**

Westminster will be a net zero council by 2030 and a net zero city by 2040. Air quality in the borough will meet World Health Organisation guidelines, our streets will be clean, recycling will increase, and people will be enabled to travel more sustainably. They will also have access to high-quality services within 15 minutes from their homes.

- Enhanced cycle provision within the city including cycle lanes and introducing an additional 600 secure cycle parking spaces by the end of March 2023 to encourage more people to cycle.
- Installing 1,000 more electric vehicle charge points by 2024 to make low emission travel more attractive.
- Carbon Management Programme will help the Council be carbon neutral by 2030
- Continue the Waste & Cleansing Fleet Electrification Programme, procuring electric vehicles to deliver waste and recycling collection service and have a suitable charging infrastructure.
- The Recycling Programme introduces the food waste recycling service and other initiatives across the City.

➤ **Fairer Housing**

The housing needs of people living in the borough are met through greener and more genuinely affordable housing, homelessness is reduced, private rented sector properties are well managed, and our tenants and lessees are consistently satisfied with our housing services and the quality and energy efficiency of housing.

- Reviewing and changing the proportion of affordable housing in our developments in progress, as part of our efforts to increase the availability of affordable housing and reduce housing waiting list times:

- 300 Harrow Road will now deliver 77 social and 34 intermediate homes, as well as Enterprise space a café and community hall
- Westmead will now deliver 34 social and 31 intermediate homes
- Further acquisition of homes to rent to Westminster residents including 29 intermediate homes at West End Gate, 9 intermediate homes at Parsons North, 7 homes at Luxborough and 35 homes at Harrow Road.
- Temporary Accommodation Acquisitions Programme anticipates completion (or agreed sale) on over 50 properties in 2022/23. An extra £85m budget allocation has been included to provide capacity for the acquisition of a further 270 properties from 2023/24 to 2026/27. This is a crucial supply of accommodation to enable Westminster to mitigate some of the demand pressures faced in this area.

➤ **Fairer Economy**

Westminster remains economically successful, Oxford Street and the West End are revived and retain their position in the national economy, small businesses are supported to grow and remain, and residents have the right skills to take advantage of the city's employment opportunities.

- Investment in Oxford Street and surrounding streets to promote a mixed economy and sustain its globally renowned status as a retail and leisure destination
- Commitment to invest £20m in the North Paddington area masterplan
- Investment of £9.5m from 2023/24 in our District High Street programme, a commitment to support local residents and businesses across Westminster
- Investment in Strand/Aldwych, encompassing traffic management improvements to the gyratory to create a new public space for events and animation, an improved setting for the surrounding education and culture institutions as well as safe routes and space to dwell for pedestrians

➤ **Fairer Council**

As a Fairer Council, we will make it easier for people to find the information and services they need, the make decisions more transparently, be financially sustainable, and ensure our procurement is responsible. The Council will operate in a financially sustainable manner and make plans that are affordable.

- Investment in digital access to services making being able to do business with Council a better experience.
- Coroners Court Extension due for completion in 2023/24 delivers a fit for purpose building for the Coroners Service.

5. Summary of the Capital Programme – 2022/23 to 2036/37

5.1. Overview of overall capital figures and breakdown by Directorate is shown in the table below.

Table 1: Proposed General Fund (excluding HRA) capital programme 2022/23 to 2036/37

	Forecast	Five Year Plan					Future Years	Total £000
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	to 2036/37 £000	
Expenditure								
Adults and Deputy Chief Executive	5,460	15,239	20,800	45,000	39,080	-	-	125,579
Children's Services	10,333	4,101	3,890	3,608	3,422	-	-	25,354
Environment & City Management	78,976	103,769	92,025	44,298	31,528	25,159	-	375,755
Finance & Resources	55,737	46,274	90,844	77,079	92,481	82,929	436,222	881,566
Growth, Planning & Housing	100,226	82,591	154,263	164,609	160,673	94,356	115,151	871,869
Innovation & Change	1,570	5,813	1,540	9,040	610	-	-	18,573
Westminster Builds	14,700	31,886	-	77,235	72,082	33,872	211,877	441,652
Total Expenditure	267,002	289,673	363,362	420,869	399,876	236,316	763,250	2,740,348
Funding								
External Funding	(42,170)	(79,066)	(97,575)	(107,402)	(57,820)	(21,978)	(36,680)	(442,691)
Capital Receipts	(58,137)	(28,589)	(17,883)	(21,086)	(116,392)	(273,689)	(404,332)	(920,108)
Total Funding	(100,307)	(107,655)	(115,458)	(128,488)	(174,212)	(295,667)	(441,012)	(1,362,799)
Borrowing Requirement	166,695	182,018	247,904	292,381	225,664	(59,351)	322,238	1,377,549

5.2. The proposed capital programme for the Council over the next five years including 2022/23 and summarised over the subsequent ten years, is a gross capital expenditure budget of £2.740bn. Over £1bn of this expenditure is due to be incurred over the next three years, 2023/24 to 2025/26. This is in line with the Council's housing development projects, which sit mostly within the Growth, Planning and Housing directorate.

5.3. The Council's capital programme as laid out in Table 1 can be categorised into two key areas: Development and Strategic Investment, and Operational.

Development & Strategic Investment £1,610m	Operational £1,130m
<ul style="list-style-type: none"> • Major housing developments • Investment in infrastructure and redevelopment • Future regeneration of key strategic sites • Increased income / capital values and diversity of portfolio 	<ul style="list-style-type: none"> • Corporate property rationalisation • Reduce carbon footprint • Reduce running cost and ensure property is fit for purpose • Meet statutory requirements

5.4. A full list of the proposed schemes can be found in Appendix A, as part of the General Fund capital programme.

Development & Strategic Investment - £1,610m

Development

Housing Developments

- 5.5. Many of the major development schemes will deliver affordable housing or social housing for the Council. These schemes have previously delivered private housing for sale on the open market, thereby generating capital receipts for the Council to reinvest in future capital expenditure projects. The risks associated with reliance on this delivery and funding route are noted in Section 14. Under Fairer Westminster the proportion of affordable housing in our developments in progress has been reviewed to increase the availability of affordable housing and reduce housing waiting list times.
- 5.6. The Council's development and regeneration programmes are delivered through either the general fund, the Housing Revenue Account (HRA) or the Council's wholly owned housing company, Westminster Builds. Together these funding routes assist in the delivery of new housing across the borough. Schemes being delivered from 2023/24 onwards include:
- **Church Street** - In December 2017, the Cabinet approved the Church Street Masterplan as the Council's framework for informing the future regeneration of the Church Street area. The proposed developments of

sites A, B & C form part of this wider Masterplan. The regeneration proposals have since been the subject of a successful ballot (held in December 2022). This provides resident support for the proposed scheme and allows it to attract c.£19m of GLA grant funding which will enable the delivery of greater numbers of affordable housing in line with the Council's Fairer Westminster commitment that aims to ensure that 70% of the affordable housing delivered on its own developments comes in the form of social rent.

- **Ebury Bridge Regeneration** - The Ebury Bridge Estate is one of the priority areas identified within the Council's Housing Renewal Strategy as needing significant improvement and investment. The regeneration plans for the site are split into two phases. In March 2019 a decision was taken by the Council to progress the delivery of Phase 1 through the HRA and this element of the scheme is now in contract (delivering 226 new homes by 2025). A ballot is also being held for the wider regeneration that, if successful, could attract significant grant funding and support tenure changes across the scheme that are expected to deliver in excess of 100 extra homes for social rent (over and above the substantial affordable provision already incorporated into the existing version of the scheme).
- **300 Harrow Road** - Delivery of 112 new affordable homes plus a nursery, a community hall and workspace and public open and play space
- **Westmead** - Following the Truly Affordable Housing Review, this scheme will now deliver 100% affordable housing to include 34 social and 31 intermediate units
- **Carlton Dene** - The development project at Carlton Dene comprises the redevelopment of an existing residential care home and one block of nine apartments to provide new housing for older people, specialist housing for people with learning disabilities, affordable housing and private for sale units. The project will deliver 87 new affordable homes, 65 of which will be extra care housing.
- **Balmoral** - The demolition and redevelopment of the Balmoral Public House, Darwin House and associated garages which will provide 52 new affordable homes in two phases including 34 community supportive housing units that will enable the decant of Darwin House residents and 18 intermediate units.
- **Paddington Green** - The Council is exploring options to acquire 45 affordable homes from the second phase of the West End Gate development being delivered by Berkeley Homes.

- **Luxborough** - Delivery of 7 social and 7 new intermediate homes, commercial space and improvement and landscaping works to areas surrounding Luxborough Tower.
- **291 Harrow Road** - Plans for this newly acquired site include the delivery of 133 residential homes including 16 new, high quality specialist residential accommodation for the existing residents of 291 Harrow Road and Elmfield Way.

5.7. Other Key Development Schemes

- **Lisson Grove Programme** - The programme incorporates the redevelopment of two key Council sites at Orchardson Street and Lilestone St, both of which form part of the wider Church St masterplan. The programme will provide a new Health and Wellbeing Hub alongside new homes. The existing office site will then be available for redevelopment and delivery of a substantial level of additional housing. A feasibility study is currently underway to develop a range of options for the scheme.
- **Oxford Street Programme** - Temporary improvement works on Oxford Street and the Soho Photography Quarter are now complete. The delivery plan and business case are currently being revised considering new programme objectives. These will ensure the delivery of an enhanced public realm scheme that addresses accessibility, safety and sustainability issues whilst respecting the historic character of the area.
- **Strand Aldwych** – with the coronavirus pandemic, a phased approach to deliver was introduced. The completed meanwhile space was successfully launched on Strand in December 2022 along with the switch to two way traffic on Aldwych which was completed in 21/22. The use of this space by the West End’s creative and cultural industries gives an invaluable opportunity to support the local economy. Work has progressed well with key partners in outlining a collaborative management model for the future maintenance of the space with financial contributions.
- **Westminster Ceremonial Streetscapes/Protective Measure** - Integrates public realm improvements which improve resilience against vehicle-borne terrorist attack within the area described as the Westminster Ceremonial Footprint. This involves replacing existing temporary vehicle security measures drawn from the National Barrier Asset with permanent hostile vehicle mitigation measures, specifically designed to be more sensitive and sympathetic to the historic street scene.

- **Queensway's Streetscape** - Improving the public realm on Queensway and its surrounding / connector streets including public space between Bayswater Road and Westbourne Grove/ Bishop's Bridge Road.
- **Regent Street** - Increased pedestrian pavement Increase accessibility and safety for pedestrians. Better air quality from reduced traffic, considering full impact on surrounding area Increased greening and biodiversity.
- **St Martin's Lane** - Build on the recent success of the alfresco scheme in the area by Increasing pedestrian footway, flush carriageway, new trees and safer, more visible space with better lighting and to reduce collisions and improve personal safety.

Corporate Property Programme

5.8. The Council has the benefit of valuable land and buildings which are used to deliver operational services to Westminster residents such as libraries. Many of our properties are also occupied by voluntary and community organisations who can apply for support with their rent to occupy these spaces where they deliver demonstrable benefits to residents. The Council also owns properties which are let out to commercial tenants and the rent received is used to support front line services. Key projects within the Property Capital Programme are as follows:

- **Huguenot House** – this development has been under consideration for many years, it could be a catalyst for investment in the area through construction of a vibrant mixed-used building containing homes of all tenures that meet modern standards, as well as creating new local employment opportunities. Enhanced public realm, greenery and open space will also be the aim. Regular stakeholder engagement and consultation underpins the whole design and delivery strategy.
- **Seymour Centre Project** – following extensive consultation and engagement, the stage 2 design of the scheme is now complete and agreed. This incorporates the Marylebone library and greater community space. This design will be brought forward in a planning application later this month.
- **Coroners Court Extension** - The existing coroners court will be extended and updated to increase capacity and thereby enable the building to meet the demands placed on the Coroner's Service. The project is underway and is funded by the four boroughs of the coroner's jurisdiction.

Strategic Investment

- 5.9. The Council's capital programme includes a strategic acquisitions budget to allow it to acquire properties to enable the development of key strategic sites for future regeneration and investment opportunities.
- 5.10. The Property Investment Strategy is based around a vision of having a balanced and diversified portfolio fit for the future that will continue in the long term to appreciate both in revenue and capital terms for the greater benefit of the Council and its residents, whilst at the same time ensuring that plausible losses can be met without significantly impacting service delivery.
- 5.11. As at March 2022, the Council maintained 279 of investment properties, with a value of £463m, generating nearly £40m per annum for the Council to spend on essential services and invest back into its capital programme.
- 5.12. There are four key objectives that support this:
- Alignment to the Council's wider Fairer Westminster objectives; developing key strategic sites that can benefit residents through future regeneration
 - Income optimisation from the existing portfolio
 - Streamlining and futureproofing the existing portfolio making it fit for the future
 - Investing in new properties within Westminster for strategic and commercial purposes
- 5.13. Property Investment Acquisition has a budget of £120m (including 22/23) within the capital programme to support strategic investment. The portfolio is stock and not sector led. Any new investment should aim to diversify the portfolio in addition to supporting the Council's broader strategic aims. Key principles for new investments are:
- Focus on strategic clusters linked to the Council's long-term regeneration and economic objectives including in the Harrow Road, Edgware Road and Church Street neighbourhoods. Lot sizes or yields can be less than 4% due to the broader strategic benefits, longer term value expectations and the size of the investment portfolio already held in these locations.
 - Any other new investment should consider yields of 4-5% in the short to medium term to enhance income.

- All assets acquired must be within Borough unless opportunities arise adjacent to existing out-of-borough holdings or have some other strategic purpose.
- Any investments in commercial property conform with minimum revenue provision (MRP) regulations

5.14. These are a guiding set of principles that will be reviewed in conjunction with CIPFA's publication 'Prudential Property Investment' which sets out guidance for Local Authorities investing in property. In addition, rigorous governance procedures are followed which mitigate risks associated with property acquisitions including seeking advice and guidance from the Property Investment Panel. This Panel includes external industry expert representation.

Operational - £1,130m

5.15. Operational schemes make up a significant proportion of the gross capital budget at £1,130m. The Council's operational capital strategy is centred on capital improvement works to the Council's operational asset portfolio. This falls into two main categories:

- Land and Buildings – 473 assets with a value of £746m (includes Housing Revenue Account assets)
- Infrastructure – asset value of £329m

5.16. The Council is in the process of undertaking a comprehensive programme of condition surveys across the whole operational estate. This high-quality information will be used in several ways including for lifecycle replacement, energy usage to contribute to the Council's zero carbon target and building management; ultimately ensuring the Council's operational estate is fit for purpose. This information will reduce building operational risk and ensure compliance and health & safety obligations are met.

5.17. The Council has completed the implementation of the Corporate Landlord approach to operational property management. This approach will ensure the effective and efficient management of property by centralising property service activities, decision making and budgets. It ensures that decisions about property are taken from a strategic perspective and that opportunities to deliver efficiencies are captured and assessed via the Strategic Property Board at which all services are represented.

5.18. As part of the forward planning of the operational estate, there are some key areas which will continue to be developed in 2022/23 in line with Council objectives. These include the desire to make buildings dementia and autistic friendly and to rollout ABLE access across the portfolio. In terms of accessing buildings, work is underway to look at the options of implementing a single smart card for access across the estate.

Education

5.19. The Education capital programme falls into two broad categories:

- Schools' expansion
- Building works related to condition surveys, physical impairment, accessibility (e.g., special education needs) and general improvements

5.20. Expenditure on schools' expansions is in response to pupil place planning needs across the borough. Expenditure on other school-related projects is designed to improve the fabric of buildings and/or make them more inclusive for children with special educational needs (SEN) or a physical impairment. The service is making best use of its SEN Capital Grant, School Condition Allocation Grant and funding from Section 106 and Community Infrastructure Levy to ensure schools remain in good condition.

5.21. The proposed capital programme includes approximately £14.881m of expenditure on school/education capital projects over the next five years all of which is funded through external Grants. More information on these funding sources can be found in section 11.

5.22. Providing for school expansion and SEND projects allows the Council to manage expenditure on the High Needs Block of the Dedicated Schools Grant more effectively and ensures it makes best use of the Passenger Transport contracts for children with SEN by providing more capacity in the borough, reducing distances travelled and/or allowing children to become independent travel trained giving them a life skill, improving employment prospects in adulthood, and reducing the Council's expenditure on the General Fund.

Planned Preventive Maintenance/ Structural Works

5.23. Most of this category relates to £71.593m of Planned Preventive Maintenance of the Highways, Lighting and Bridges and Structures within the Borough. The work is aimed at maintaining the durability of the asset and deliver a well-managed, high-quality streetscape whilst protecting and enhancing Westminster's unique heritage.

6. The Council's Assets

- 6.1. The Council has total long-term assets of £3.548bn across Property, Plant and Equipment, Investment Properties, Heritage and Other Assets. A summary of each asset class is outlined in the table below:

Asset Type	March 2022 £m
Council Dwellings	1,667
Other Land and Buildings	746
Investment Properties	463
Infrastructure Assets	329
Assets under Construction	233
Heritage Assets	45
Community Assets	30
Vehicles, Plant and Equipment	9
Intangible Assets	5
Assets Held for Sale	22
Total	3,548

- 6.2. Based on the Council's current level of assets, the capital strategy as outlined in this report will significantly increase the Council's asset base over the next 15 years across the General Fund and HRA.
- 6.3. Most of the capital expenditure as set out as part of this strategy will be spent on land and buildings and council dwellings (through the HRA).
- 6.4. The Council carries out regular maintenance on its properties and infrastructure assets. The capital programme ensures that its highways, operational properties, and council dwellings are continuously maintained to a good standard. These schemes are outlined further in this report.

7. Capital Budget Setting Process

- 7.1. Every year the Council reviews its capital programme and the projects within it. This is undertaken alongside the revenue budget process to ensure that the impact of both is considered.
- 7.2. The key criteria for capital projects under consideration are:
- Strategic Fit: how projects align with the Council's Fairer Westminster Objectives and priorities and the positive impacts that re expected

- Financial Implications: what are the financial circumstances for the project, e.g., is external funding readily available, are there ongoing revenue implications, is it affordable and value for money?
 - External factors: is the project needed because of another scheme or development, or any other external factors such as health and safety requirements?
 - Risk: is the success of the project dependent on mitigating high associated risks?
- 7.3. This year all existing projects within the programme were reviewed, with a view to ensuring that all the projects within the capital programme are affordable and in line with the Council's new Fairer Westminster objectives.
- 7.4. The review process supports the Council in making decisions about which projects to progress, especially in an environment of challenging financial and officer resource. The process will continue to be developed and refined to ensure that projects and programmes are efficient and effective from a financial and strategic perspective.

8. Governance

- 8.1. The capital programme comprises a wide-ranging set of projects with equally wide-ranging budgets. The current programme can be broken down by gross value as follows:
- 31 schemes above £10m in individual value
 - 84 projects between £1.5m and £10m projects
 - 150 projects below £1.5m in individual value
- 8.2. The main forum for reviewing all aspects of the capital programme is the Capital Review Group (CRG). This group reviews the strategic direction of the programme, ensures outcomes are aligned with Fairer Westminster, development or other significant projects have a viable business case and that value for money (VfM) is delivered for the Council. It also monitors the expenditure and funding requirements of the capital programme and subsequent revenue impacts.
- 8.3. Business cases between £0.5m and £1.5m must obtain spend approval in consultation with CRG.
- 8.4. CRG's governance has been further strengthened by giving it oversight of review projects with a budget above £1.5m that are revenue funded but have the characteristics of capital schemes, allowing it to review and challenge schemes before implementation.

- 8.5. The Council's governance arrangement deems significant projects to be those with minimum capital expenditure of £10m. These are projects that require a level of resident engagement, with issues that may give rise to sensitivities, involving matters which are a major strategic aim of the Council, carrying major risk, with an important historical context.
- 8.6. All projects over £10m must produce the following three business cases:
- Strategic Outline Case (SOC)
 - Outline Business Case (OBC)
 - Full Business Case (FBC)
- 8.7. At each of the following stages of the five-case (HM Treasury Green Book) model, business cases must include the following five areas: The Strategic Case, The Economic Case, The Commercial Case, The Financial Case and The Management Case.
- 8.8. Projects under £10m require a Business Justification Case. However, this will be dependent on the other criteria and factors. The list below is not exhaustive and whether a project can go through a one stage process has to be reviewed on a case-by-case basis and agreed by senior officers and members. The factors include:
- Level of resident engagement required
 - Sensitivities
 - Strategic aims of the project
 - Historical context of the project
- 8.9. Assessment of business cases will ensure that all aspects of a potential development scheme are analysed and the impact on all stakeholders identified. Therefore, the Council will be able to gain a full understanding on how a specific scheme will influence the overall strategy, the local economy, the community and resources of the Council.

9. Delivery

- 9.1. The Council will review the best delivery routes for development projects. Delivery routes largely fall into the following categories:
- Self-develop: where the project is undertaken independently, resulting in the greatest potential return but with the greatest cost and risk exposure.

- The developer: this usually involves selling the opportunity to a developer resulting in the least return, but also the least cost and risk.
- Joint venture: this is a compromise between the above two routes and can be a good option to limit risk and broaden expertise and capacity on the project, whilst still sharing in the returns.
- Delivery through the Council's housing subsidiary companies Westminster Builds – Westminster Housing Investments Limited (WHIL) or Westminster Housing Developments Limited (WHDL)
- The Housing Revenue Account is a ring-fenced account that is a key aspect of how the Council delivers on its Fairer Housing objectives.

9.2. Under a developer or joint-venture delivery route it is likely the Council will have to undertake site assembly and the initial stages of planning before a partner is prepared to enter into an agreement on the opportunity.

Westminster Builds

- 9.3. In June 2018, following Cabinet approval, the Council incorporated two new wholly owned companies, Westminster Housing Investments Limited (WB) and its subsidiary Westminster Housing Developments Limited (WHDL) known collectively as /operating under the brand 'Westminster Builds', for the purpose of helping the Council deliver its ambition to increase the supply of housing affordable to those living and working in Westminster.
- 9.4. In this two-company structure WHDL will undertake the construction and development of schemes and WB will hold properties for intermediate and market rent.
- 9.5. The current Westminster Builds Business Plan sets out the programme of planned activity by the company over a five-year period from 2023-2028 to include the acquisition of intermediate and market rent units and plans for development as part of Ebury Regeneration Phases 2 and 3.
- 9.6. The Council's general fund provides loan financing into the company to support the delivery of these projects. This amounts to £427m over the next 14 years from 2023/24, in addition to the £8.2m forecast drawdown in 2022/23. Loan financing by project is shown in the table below. Over the same period the company will repay £283m of that loan financing.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29 onwards	TOTAL
Scheme	£000	£000	£000	£000	£000	£000	£000
Development Scheme							
Ebury Phase 2	12,785	-	72,808	53,129	-	-	138,722
Ebury Phase 3	-	-	-	1,330	33,872	73,135	108,337
Acquisition Schemes							
Luxborough	1,735	-	-	-	-	-	1,735
300 Harrow Road	9,800	-	-	-	-	-	9,800
Westmead	7,566	-	-	-	-	-	7,566
Pimlico/Balmoral	-	-	4,427	-	-	-	4,427
Lisson Grove Programme	-	-	-	-	-	13,416	13,416
Church Street Site A	-	-	-	8,001	-	-	8,001
Ebury Phase 2	-	-	-	9,622	-	-	9,622
Ebury Phase 3	-	-	-	-	-	125,326	125,326
TOTAL	31,886	-	77,235	72,082	33,872	211,877	426,952

9.7. The key development and acquisition programmes included in the business plan consists of the following schemes:

- **Ebury Bridge Regeneration Phases 2 and 3** – The Westminster Builds business plan includes a budget for the direct delivery of Phases 2 and 3 of the Council’s key regeneration scheme at Ebury Bridge. A final decision on the delivery route is expected to be taken by the Council during 2023/24.
- **Acquisitions** – Included in the business plan is a budget for acquiring completed intermediate units and/or market homes for the purpose of letting at intermediate or market rent levels. These acquisitions are largely from Council development sites being delivered by either the general fund or the HRA. To retain control of the intermediate / market units on these sites the Council has decided that these will be held by Westminster Builds rather than an external housing association. Planned intermediate unit acquisitions over the next 15 years include Luxborough, Pimlico, Ebury and Church Street. There are also plans to develop and retain market rent units on Ebury Phase 3.

9.8. Each scheme will be approved through the Council’s existing governance processes and by the Westminster Builds Board. Current projections show the company will hold 71 homes for rent by the end of March 2023.

HRA Business Plan

9.9. The Council is committed to delivering an ambitious HRA capital programme that, in addition to building new affordable homes, will regenerate existing estates and safeguard the condition of existing social housing stock. The

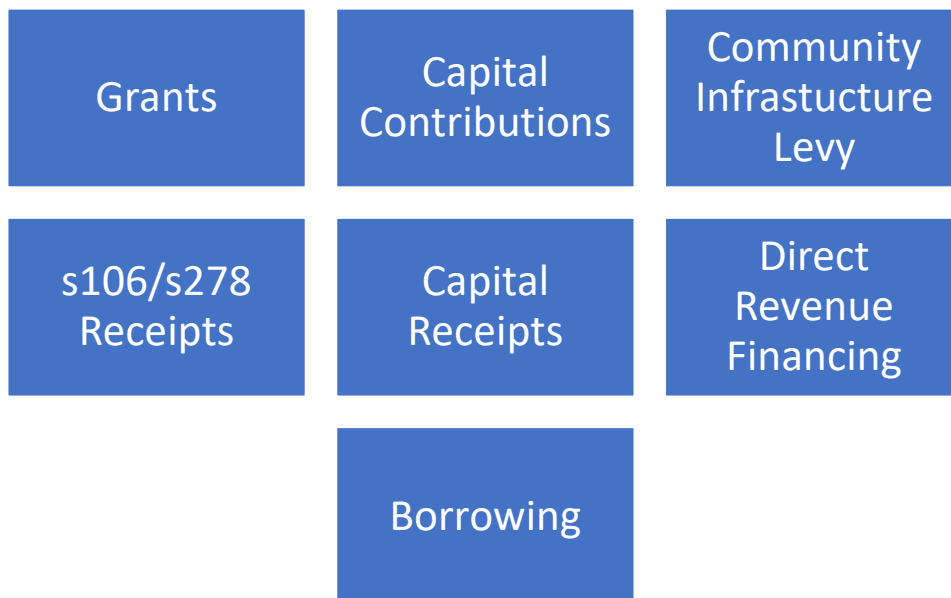
Development element of the overall programme aims to provide a supply of new homes that will enrich and promote healthy neighbourhoods and communities via mixed use developments, proactive place shaping and ensuring there is greater support for local services and amenities.

- 9.10. Planned HRA capital spend for 2023/24 is £207m with a total of £2.357bn planned to be spent over the duration of the 30-year business plan. This represents an increase of £142m since the February 2022 HRA budget report (largely due to the impact of cost inflation). Overall, the HRA is expected to need to borrow an additional £50m on top of what was approved in the last iteration but required offsets have been made to keep the plan sustainable.
- 9.11. The HRA programme is financed using various funding sources, including the use of the Affordable Housing Fund, CIL, Capital Receipts, and available government grants. In the revised HRA capital programme, additional opportunities to attract GLA grant and apply CIL have been utilised to secure the deliverability of the programme. HRA borrowing is used to cover the gap between available funding and planned expenditure. The HRA no longer has an enforced borrowing cap, which allows greater flexibility for investment in building new affordable housing but borrowing still needs to be tightly managed and prudential measures must be taken to ensure that there is sufficient cover within the HRA revenue budget to cover interest costs. The business plan takes several steps to ensure that the HRA debt profile is sustainable, including the provision of a sufficient level interest cover within the revenue budget (to provide financial resilience) and maintaining appropriate levels of HRA reserves (set at an absolute minimum of 10% of turnover).
- 9.12. The business plan has been developed at a time of significant cost volatility in the construction sector. A cross-programme inflation review was undertaken in 2022 and required £50m of the existing contingency to be applied to mitigate anticipated cost growth. Risks are also present in relation to the residential market and the ability to generate projected capital receipts. The business plan attempts to mitigate these risks by including a contingency across both aspects of the programme (development and planned maintenance). It has also created a flexible revenue contribution to capital within the revenue budget that can be re-purposed to support further borrowing if there is any significant adverse movement on the key financial assumptions included within the business plan or the capital programme.
- 9.13. The HRA Planned Maintenance programme includes a £218m allocation to support the retrofit of the Council's existing housing stock (although this is dependent on the availability of grant support from central government). This is designed to both deliver on the Council's carbon neutral ambition and help tenants save money on energy bills.

- 9.14. The programme also includes an initial allocation for emergency network upgrades for the Pimlico District Heating Undertaking (PDHU) to resolve urgent operating issues at Lillington & Longmore. The Council also approved a Strategic Outline Case (SOC) for the PDHU in January 2023 that will see it develop four viable options for the future of the network. This will aim to both decarbonise the PDHU (the Council's largest emitter of carbon) and improve the service provided to tenants. It will require substantial investment and, whilst this is not yet built into Council's capital programme, a strategy has been developed that provides viable options for funding at least 75% of the c£200m of investment needed at this point in time.
- 9.15. The business plan also includes the delivery of the Council's two key regeneration schemes at Church Street and Ebury Bridge and other development schemes as outlined in paragraphs 5.6.

10. Capital Funding

- 10.1. The Council is required to have a funded capital programme that is affordable, i.e., all capital expenditure should have a source of funding and if that funding source is borrowing, the cost of the borrowing should be built into a balanced revenue budget.
- 10.2. The key sources of funding for the Council are:



Grants

- 10.3. These are predominantly government grants and are usually provided to the Council for the specific use of funding capital expenditure for certain schemes and programmes. The majority of grants the Council receives for capital projects are via the Department for Education (DfE), which are provided to ensure the Council is meeting its statutory duty of providing school places and

ensuring school building are in a good condition. Other grants the council receives are detailed in section 12.

Capital Contributions

10.4. In comparison to grants, capital contributions are specific contributions received for projects and are normally provided by the government, external agencies or private companies, who have a specific output or outcome they would like achieved through the capital works the Council is providing. Quite often, the scope of these projects is dependent on this external funding, without which the Council may decide to reduce the objectives and scope of a scheme. Examples of capital contributions include several infrastructure projects such as Ceremonial Streetscapes which have specific outcomes that organisations would like to achieve.

Community Infrastructure Levy/ Section 106 Receipts/ S278 Receipts and Affordable Housing Fund Receipts

10.5. Community Infrastructure Levy (CIL) is a planning charge introduced by the Planning Act 2008. The Council started charging CIL in May 2016. Developers have to pay a levy linked to planning applications - this is based on a Council approved policy and charging schedule. The income from this levy is held corporately and the Council decides corporately how to allocate these funds.

10.6. CIL monies can be used to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support the development or growth of the area. This may be either capital expenditure or revenue. In Westminster, CIL split into three pots:

- Strategic CIL, which can be spent by the Council in any part of the City on infrastructure of strategic importance;
- Neighbourhood CIL, which is spent in consultation with local people in one of the 21 identified Neighbourhood Areas within which the contributing development was built; and
- Administrative CIL, which can be spent on costs associated with running the CIL programme.

10.7. S106 differs from CIL, as it is essentially a contract between a developer and the Council and, similarly to capital contributions, have to be used for specific projects and outcomes rather than a more general objective.

10.8. S278 receipts are linked to specific highways work linked to planning approvals and are contributions from the developer.

10.9. Affordable Housing Fund (AHF) receipts are income the Council receives from developers in lieu of affordable housing being built in line with the Council's

policies on a prospective development. These receipts have to be used toward building new or replacement affordable homes. From 2022/23 all AHF received by the Council is being used to finance projects within the Housing Revenue Account (HRA) and thereby maximising the number of new social rented homes.

10.10. Affordable Housing Fund receipts are forecast to fall significantly as the number of deeds submitted to the Council has reduced. Of the £68m of open deeds, £19m was received in 2022/23. A further £20.5m to 2027/28 is forecast to be received. This is a significant fall in receipts since 2021/22. Adjustments to forecast future receipts post-pandemic have led to a reduction from £25m per annum to £5m per annum to 2027/28. Therefore, from 2022/23, all AHF received will be prioritised to finance projects within the Housing Revenue Account (HRA) and thereby maximising the number of new social rented homes.

10.11. Forecasts for CIL and s106 are £15m per annum and £5m per annum, respectively both of which reflect development activity post-pandemic. Additional CIL and s106 receipts have been applied to the General Fund capital programme (where stipulations allow), increasing the use of external funding and maintaining the overall affordability of the capital programme. In total, £93.6 CIL has been applied to the General Fund programme (compared to £25.2m last year). In respect of s106, £53.3m has been applied to the General Fund programme, £8.3m more than last year.

Capital Receipts

10.12. Capital receipts are generated from the sale of non-current assets (i.e., assets such as land and buildings), and apart from special circumstances, can only be used to fund the capital programme. The Council holds all capital receipts corporately, which ensures they can be used to fund the overall programme; therefore, individual services are not reliant on their ability to generate capital receipts.

10.13. A considerable amount of funding in the capital programme is due from capital receipts. These are expected to be generated from the Council's development schemes. However, the value of the receipts could be subject to market volatility and macroeconomic circumstance could impact on the level of receipts the Council receives.

10.14. Capital receipts have the potential of being the most volatile of capital funding sources and are faraway the most uncertain of all funding sources. To mitigate against this uncertainty, the Council maintains a close brief on the state of the property market, reporting this to senior officers and members (via CRG) and only includes a prudent level of income as part of its capital budget.

- 10.15. In March 2016, the DLUHC issued statutory guidance allowing the flexible use of capital receipts to support local authorities in delivering more efficient and sustainable services. Updated guidance issued by DLUHC extended the original three-year period from 1 April 2016 and in February 2021 confirmed a further three-year extension from 2022/23 onwards. This applies only to capital receipts generated during this period.
- 10.16. It allows local authorities to use capital receipts received in the year to fund the revenue costs of service reform and transformation, provided that this expenditure yields ongoing savings to an authority's net service expenditure. Capital receipts applied to revenue expenditure in any given year must have been generated in that same year.

Direct Revenue Financing

- 10.17. The Council can, if it chooses to, fund capital expenditure via its revenue budget. This can be through in year underspends or via general or earmarked revenue reserves. Any funding of the capital programme via revenue resources would have to be considered in light of the Council's overall revenue budget and the Medium-Term Financial Plan.

Borrowing

- 10.18. Borrowing to finance capital expenditure is normal practice in both the private and public sector. In Local Government the prudential borrowing regime has operated for several years where Councils must take responsibility to ensure that it is both affordable and sustainable for their revenue budget and for the council taxpayer.
- 10.19. Borrowing can take the form of internal or external borrowing. Internal borrowing is a temporary position where the Council uses its cash balances instead of externally borrowing at that point in time. If not used for internal borrowing, these cash balances would be invested in accordance with the Treasury Management Strategy providing the Council with a return on investment. As such there is an opportunity cost associated with internal borrowing that is built into the revenue implications of the capital programme. The Council's main objective when borrowing externally is to achieve an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required.
- 10.20. External borrowing occurs when the Council borrows money from the open market, via financial institutions and investors or the government, via the Public Works Loan Board (PWLB). On 5 November 2020, the Public Works Loan Board (PWLB) reversed its decision to increase the cost of borrowing for local authorities for general fund purposes by 1%, bringing the rates offered in

line with those for housing revenue account purposes. All new loans are therefore now subject to the relevant gilt yields +0.8% (certainty rate).

- 10.21. In November 2020 the PWLB released further guidance confirming local authorities must not pursue a deliberate strategy of using private borrowing or internal borrowing to support investment in an asset that the PWLB would not support and then refinancing or externalising this with PWLB loans. Under the prudential code, local authorities cannot borrow from the PWLB or any other lender for speculative purposes and must not use internal borrowing to temporarily support investments purely for yield.
- 10.22. Although the capital programme may identify a need to borrow to fund capital expenditure, the timing and type of borrowing (internal/external) is dependent on cashflow modelling in line with the Council's Treasury Management Strategy.
- 10.23. The Council's total borrowing requirement based on capital expenditure incurred historically but yet to be financed is represented by the Capital Financing Requirement (CFR). This is published in the statement of accounts, and as of 31st March 2022 was £997.775m.
- 10.24. During 2019/20, the Council has arranged forward borrowing loans totaling £400m. These loans have enabled the Council to agree competitive rates in advance of need which eliminates the "cost of carry", that is the difference between loan interest cost and the rate of return on cash investments. The table below summarises the counterparties, drawn down and maturity dates for each loan facility.

Table 2: Forward Borrowing Summary

Counterparty	£m		Rate	Start Date	Maturity Date
Barings	150		1.97%	15/08/2022	15/08/2052
Rothsay	200		2.89%	08/05/2023	08/05/2069
Phoenix	37.5		2.71%	15/03/2022	15/03/2062
Phoenix	12.5		2.75%	15/03/2023	15/03/2062
Total:	400	Average:	2.58%		

- 10.25. All capital financing costs, i.e., interest costs and minimum revenue provision must be treated as a revenue cost and built into the Council's budget plans. In essence, the more the Council borrows, the greater the call on the revenue budget which then requires further service savings to be identified to fund this in the longer term. It is important that borrowing is set at a level that it is both affordable and sustainable in revenue budget terms.

11. Capital Programme Funding: 2022/23 to 2036/37

11.1. The table below summarises the Council's funding of the proposed capital programme as outlined in this report:

Table 3: Funding of the Capital Programme

	Forecast	Five Year Plan					Future Years	Total £000
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	to 2036/37 £000	
External Funding	42,170	79,066	97,575	107,402	57,820	21,978	36,680	442,691
Capital Receipts	58,137	28,589	17,883	21,086	116,392	273,689	404,332	920,108
Borrowing Requirement	166,695	182,018	247,904	292,381	225,664	(59,351)	322,238	1,377,549
Total	267,002	289,673	363,362	420,869	399,876	236,316	763,250	2,740,348

11.2. In total £1.363bn (50%) of the programme is to be funded via external or internal sources of funding, with the remainder via borrowing (both internal and external).

11.3. The table below outlines the main streams of external funding

Table 4: Analysis of Proposed External Funding

Financed by	Forecast	Five Year Plan					Future Years	Total £000
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	to 2036/37 £000	
Community Infrastructure Levy (CIL)	2,979	24,287	31,981	34,063	330	-	-	93,640
Temporary Accommodation Funding	-	-	22,000	33,000	30,000	-	-	85,000
Section 278 Contributions	11,839	13,682	14,667	11,000	11,000	8,000	-	70,188
Section 106 Contributions	1,453	5,980	7,329	8,500	-	-	30,000	53,262
External Contributions	4,392	10,521	11,000	12,577	7,222	150	4,628	50,490
Other Grants and Contribution	3,860	4,402	375	375	375	10,275	-	19,662
GLA Funding	4,236	2,320	2,344	-	2,192	2,003	2,052	15,147
DfE High Needs Funding	1,500	3,500	3,324	3,158	2,996	-	-	14,478
DCLG Disabled Facilities Grant	1,400	1,729	1,729	1,729	1,729	-	-	8,316
Transport for London (TfL) Grant	300	2,150	650	2,150	1,150	1,150	-	7,550
GLA Good Growth Fund	900	4,642	-	-	-	-	-	5,542
Carbon Management Programme Grant	1,488	3,800	250	-	-	-	-	5,538
DfE Grant - St Marylebone Bridge Special School	4,749	-	-	-	-	-	-	4,749
DfE Basic Needs Grant	1,828	500	526	450	426	-	-	3,730
DfE Schools Condition Allocation	320	803	400	400	400	400	-	2,723
Sport England Grant	-	750	1,000	-	-	-	-	1,750
European Regional Development Fund	926	-	-	-	-	-	-	926
Total	42,170	79,066	97,575	107,402	57,820	21,978	36,680	442,691
Capital Receipts	58,137	28,589	17,883	21,086	116,392	273,689	404,332	920,108
Borrowing Requirement	166,695	182,018	247,904	292,381	225,664	(59,351)	322,238	1,377,549
Total	267,002	289,673	363,362	420,869	399,876	236,316	763,250	2,740,348

- 11.4. The main source of external funding is via developer contributions, these include Community Infrastructure Levy, Section 278 and Section 106 Contributions.
- 11.5. Rental income from the improved Temporary Accommodation purchasing programme is expected to be used to finance the borrowing costs as opposed to forming MTFP savings.

12. Revenue Implications of the Programme

Table 5: Summary of the Revenue Implications of the Capital Programme

	Forecast	Five Year Plan					Future Years	Total £000
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	to 2036/37 £000	
Expenditure	267,002	289,673	363,362	420,869	399,876	236,316	763,250	2,740,348
External Funding	(42,170)	(78,566)	(97,575)	(107,902)	(57,820)	(21,978)	(36,680)	(442,691)
Capital Receipts	(58,137)	(28,589)	(17,883)	(21,086)	(116,392)	(273,689)	(404,332)	(920,108)
Borrowing Requirement	166,695	182,518	247,904	291,881	225,664	(59,351)	322,238	1,377,549
Revenue Impacts:								
Capital Financing Cost	21,068	27,617	34,837	40,446	47,548	56,109	557,947	785,572
Financed By:								
Commercial Income	(3,073)	(855)	(1,209)	(4,098)	(4,320)	(6,343)	(104,091)	(123,989)
Net Revenue Position	17,995	26,762	33,628	36,348	43,228	49,766	453,856	661,583
Sinking Fund Adjusted Balance	(295)	(6,062)	(9,928)	(9,648)	(13,463)	(16,860)	(2,716)	(58,972)
MTP Budget Assumptions	17,700	20,700	23,700	26,700	29,765	32,906	451,140	602,611

- 12.1. The Council aims to maximise its balance sheet assets and as such can utilise cash balances derived from working capital (such items as the appeals provision, reserves, affordable housing fund, etc.) rather than borrowing externally to finance the net cost of the capital programme. Over the 15-year capital programme it is currently estimated that the council will incur net financial costs, through its revenue budget of £661.583m.
- 12.2. The revenue costs of the capital programme are not uniform across the 15 years of the capital programme and are subject to significant fluctuations in line with the profiling of capital expenditure and funding (particularly capital receipts). To manage these fluctuations, the Council is operating a sinking fund which ensures the revenue budget increases are consistent with surplus balances at the start of the programme being transferred to a capital financing reserve, which will then be drawn down in later years. The 2022/23 capital financing budget is £17.7m. The Medium-Term Financial Plan includes a £3m per annum increase to account for the financing requirements of the 15-year programme. This is estimated to level out by 2036/37 by which time the budget will be £65m.
- 12.3. As noted in Section 8, CRG will have a pivotal role in monitoring the cost of funding the programme, ensuring project business cases continue to be viable

and the programme is affordable. Where they assess this not to be the case, action will be taken to bring the programme back to an affordable position.

Minimum Revenue Provision (MRP)

- 12.4. MRP is applied where the council must set aside a revenue allocation for provision of debt repayments (borrowing in the capital programme). MRP replaces other capital charges (e.g., depreciation) in the statement of accounts and has an impact on the Council's bottom line. MRP will increase and decrease throughout the programme and is sensitive to both expenditure and funding changes. The Council will continue to balance the use of capital receipts, internal borrowing and external borrowing to ensure the most efficient use of resources, including the need to fund MRP.
- 12.5. The Council has an ongoing capital programme and will continue to invest in capital projects beyond 2035/36 and will therefore need to ensure that funds are set aside for the future cost of borrowing.

Revenue Reserves

- 12.6. In addition to the statutory minimum revenue provision outlined above, the Council also retains discretionary flexibility with earmarked reserves to fund aspects of the programme that may be revenue in nature, projects that are written off, or specific projects where this has a financial benefit to the revenue budget. Each year, capital expenditure is reviewed to ensure that any revenue elements of expenditure is written off to reserves in line with accounting regulations. The Council maintains an earmarked reserve for this purpose.
- 12.7. Section 25 of the Local Government Act 2003 requires the Council's Section 151 officer to report on the adequacy (or otherwise) of reserves and the robustness of estimates supporting the budget. The total level of reserves that the Council maintains is considered robust and can support the delivery of the capital programme.

13. Risk Management

- 13.1. Major capital projects require careful management to mitigate the potential risks that can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy.

General Risks

- 13.2. General risks are those that are faced as a consequence of the nature of the major projects being undertaken. Most of these risks are outside of the Council's control, but mitigations have been developed as part of the business planning and governance process. These risks are set out below along with key mitigations:

Interest Rate Risk

- 13.3. The Council is planning to externally borrow £540.411m as set out in this Capital Strategy over the next five years (over and above the £400m forward borrowing loans outlined in paragraph 10.24). Interest rates are variable, and a rise could increase the cost of servicing debt to a level that is not affordable. To mitigate this, the Council has used interest rate forecasts that include a prudent provision against interest rate rises.
- 13.4. If interest rates rose beyond this forecast plus contingency, the revenue interest cost to the Council would increase for all borrowing not yet entered (the Council typically borrows on fixed rate terms). The forward borrowing arrangement the Council has entered has mitigated a large extent of this risk, however, a rise of 1% above current interest rate assumptions would cost an extra £2.726m per annum on the full £272.572m borrowed by the end of 2029/30. If the full projected external borrowing of £540.411m were to be realised by 2036/37, the extra cost of a 1% rise in interest rates would be £5.404m per annum from 2036/37.
- 13.5. The Council is currently maintaining an under-borrowed position. This means that the current capital borrowing need (the Capital Financing Requirement) is not fully funded with external loan debt, as current cash supporting the Council's reserves, balances and cash flow has been used as an interim financing measure. This strategy has been prudent as investment returns have remained low and counterparty risk has been minimised. It has also saved a considerable amount of external interest payable, known as the 'cost of carry'.
- 13.6. The Council's treasury management strategy permits borrowing from various sources. The external borrowing position needs to be kept under review to avoid incurring higher borrowing costs (through increased interest rates) in future years when the Council may not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt.

Inflation Risk

- 13.7. Construction inflation over and above that budgeted by the Council's advisors, and built into project budgets, could impact on the affordability of the capital programme. A 1% rise in the cost of the programme would increase the cost of the programme by approximately £27.4m. This is mitigated through the provision of contingencies, updating estimates regularly as they change and monitoring the impact through governance processes. This is also mitigated post the signing of contracts with construction companies and developers through fixed price contracts.

Legislative Risks

- 13.8. Capital schemes need to comply with the latest law and regulations, changes in which can impact construction costs and may be retrospective in their nature. This risk is mitigated by awareness of pipeline legislative changes and provision of contingencies.

Market Health/Commercial Risks

- 13.9. Market health / Commercial Values Risk – the Council's capital programme relies on commercial activity as a key supporting strategy. This involves generation of income from property letting, sales receipts and other revenue/capital financial flows such as land deals with developers. In some cases, the Council commits to large projects, based on assumptions about future asset values. Should market movements mean that these assumptions are inaccurate, then the Council may suffer financially. To mitigate this risk, the Council relies on expert advice on future asset values in making its decisions.
- 13.10. Supplier Financial Stability – construction companies and developers contracting with the Council that experience financial instability pose a significant risk. They may not be able to raise funding to finance operations, and their potential insolvency could lead to a costly process of changing suppliers without any guarantee of remaining within the overall budget. The Council could suffer direct financial loss, and any defects or other issues may not be resolvable as anticipated. To mitigate this risk, the Council carefully considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible.

Transfer Risk

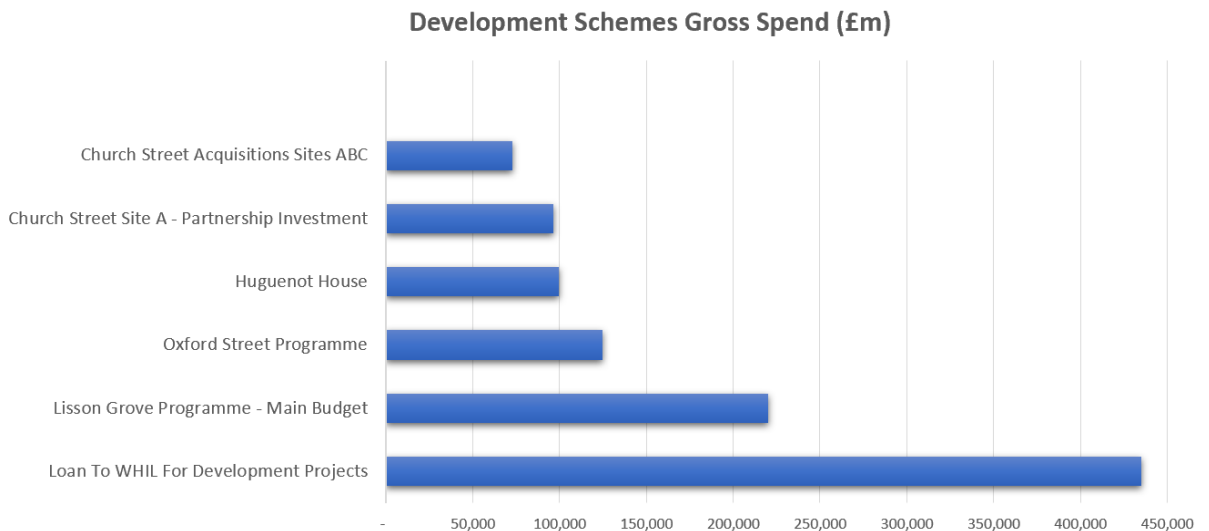
- 13.11. When the Council plans and delivers projects, it is important to consider the risks associated with the project and whether the Council (or its subsidiaries such as Westminster Housing Investment Ltd) is the best placed to take on that risk. A key consideration for major capital schemes is whether these will be developer led or whether the Council will self-develop. For a developer led scheme the developer will take on a significant proportion of the risks associated with the project. However, the developer will price this risk in, so it will come at a cost. Considerations can include whether there is resource capacity and expertise to take on specific risks in the context of the overall capital programme. The housing subsidiaries are newly incorporated and there may be an initial set-up risk as the company gains experience and embeds its delivery plan.

Development Risk

- 13.12. One of the key financial risks of development projects from the perspective of the capital strategy is the need to have accurate financial estimates and profiling of expenditure in line with project milestones. To ensure this is as rigorous as

possible the Council implements a challenge process for these projects, with further details on the process and governance behind this included earlier in this report.

13.13. Development schemes make up a significant proportion of the gross capital budget at £1,490m, and of the capital receipts in the programme at £753m. Key examples of projects that fall under this category are noted in the graph below. Ebury Phase 2 and 3 exposure is captured in the Loan to Westminster Housing Investments Ltd (WHIL) line as the company will deliver the scheme.



Project Risks

13.14. Risks that relate to the delivery of capital projects, which in many cases can be controlled, influenced, or directly mitigated in ways other than making contingencies available. These risks would mostly relate to unforeseen project delays and cost increases which could arise from a range of circumstances. The effective management of these risks is mostly linked to the following strategies:

- Projects are required to maintain a risk register, to ensure effective monitoring.
- Highlight reporting - development projects, as an example, create monthly highlight reports to ensure stakeholders are aware of progress and risks of projects on an on-going basis.
- Appointment of professional teams - the Development team has recruited and retained the services of experts to provide robust planning and review to advise on financial feasibility and to ensure timely delivery of projects. Experts also cover key surveying and financial planning roles to give assurance on quality of work and assumptions.

- Risk of Revenue Write Off – the Council commits to feasibility studies on many of its significant capital schemes at the point where spend is revenue in nature or when capital spend may be written off, should the scheme in question not progress. This is managed through careful consideration and approval of all expenditure potentially at risk of revenue write-off. There is a further risk that any projects funded from flexible use of capital receipts (FCR) may not yield the required ongoing revenue savings and therefore may need to be written off to revenue.

14. Financial Implications

- 14.1. Financial implications are set out in the main body of this report

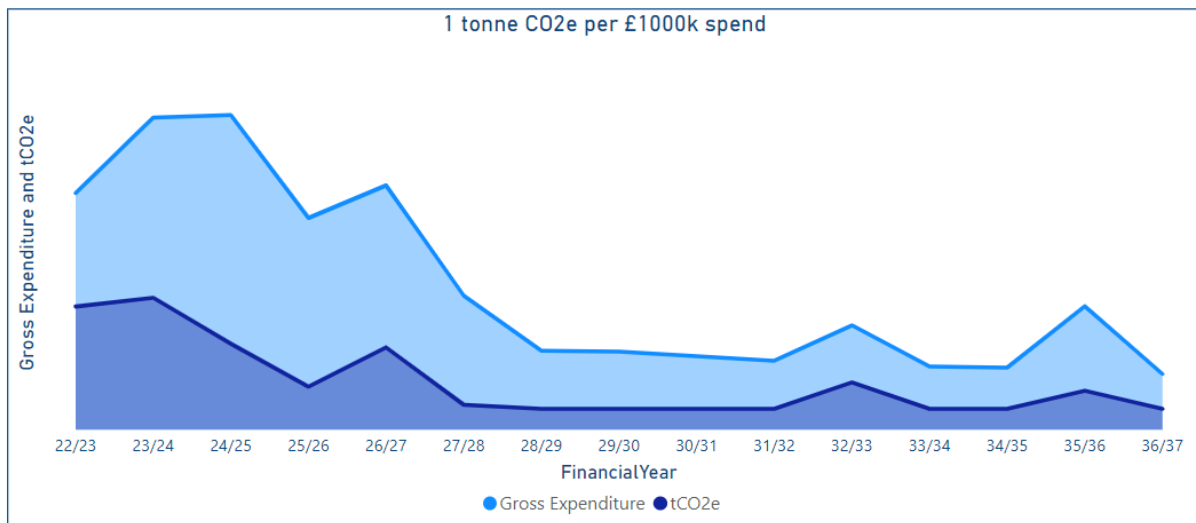
15. Legal Implications

- 15.1. The Council has a duty under section 3(1) of the Local Government Act 2003 to determine and keep under review how much money it can afford to borrow. Section 3(5) of the Local Government Act 2003 provides that the Secretary of State may by regulations make provision about the performance of that duty. Regulations made by the Secretary of State require the Council to have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA regarding the affordability of the Capital Programme.
- 15.2. The legal implications for each individual scheme within the capital programme will be considered when approval is sought for that particular scheme. Each scheme within the capital programme will be approved in accordance with the council's constitution.

16. Carbon Implications

- 16.1. The Capital Programme has a gross carbon footprint of 1.2m tonnes CO₂, over the course of its 15-year duration.

16.2. This is mapped to capital expenditure as follows:



Line chart showing the carbon footprint relative to spend over 15 years

16.3. The Council's current 2030 net zero target only includes Scope 1, Scope 2, and selected Scope 3 emissions.

- Scope 1 covers direct emissions from owned or controlled sources. This is typically the combustion of gas for heating or fuel for use by vehicles in Westminster.
- Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by Westminster. The emissions are generated outside of Westminster, but the user is within the city, so the indirect emissions are attributed here.
- Scope 3 includes all other indirect emissions that occur in Westminster's value chain, but that Westminster has no control over. This can include purchased goods, services, good, waste and travel outside of the city.

16.4. A significant proportion of the capital programme carbon footprint is Scope 3 emissions. As such, the 2030 net zero strategy and the emissions the Council reports report publicly will not be significantly impacted by the capital programme.

16.5. Scope 3 emissions are extensive and complex to determine, which is why most scope 3 emissions are not currently included in the Council's emissions baseline and 2030 net zero target. This work helps the organisation to better understand our scope 3 emissions and begin to develop a clear picture of the scope 3 impact. It will enable more informed decision making and a better

understanding of the carbon implications of capital schemes, allowing the development of a clear strategy to reduce or offset these.

- 16.6. From this work, and in conjunction with external consultants, the Council will be able to set a scope 3 baseline and consider appropriate net zero targets that encompass scope 3.
- 16.7. The Council has declared the Climate Emergency a key priority and set ambitious targets to achieve carbon neutrality for the Council by 2030. Key schemes in train that address the Climate Emergency issues include:
- Waste Collecting and Street Cleansing Vehicles - reduce waste through transforming recycling facilities and enhancing the Councils environmentally friendly and low emission waste collection service. Street Cleansing operations will be delivered using zero emission (electric) specialist vehicles.
 - Electric Vehicle Charging Infrastructure - to provide a charge point network of an appropriate size and scope to complement demand from EVs operating in the City.
 - Council Buildings - reviewing the environmental credentials of the operational property portfolio, including the retro fit schemes and high specification housing regeneration schemes will be designed to reduce the Council's carbon impact

17. Staffing Implications

17.1. None specifically in relation to this report.

18. Consultation

18.1. Consultation and engagement will be carried out on individual schemes within the capital programme where it is considered that there will be an impact on residents or service users that warrants consultation.

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

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19. Background Papers:

Capital programme working papers

Capital Programme Submission Requests for individual projects

20. Appendices

Appendix A – Capital Programme schedule

Appendix 1 - General Fund Including 2022/23 & Future Years

Scheme Name	Forecast	Five Year Plan Gross Spend					Future Years to 2036/37	Grand Total Including 2022/23 & Future Years					
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28		Gross Spend	External Funding	Net Spend	Internal Funding	Capital Receipts	Borrowing Requirement
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Oxford Street Programme	4,600	15,000	20,800	45,000	39,080	-	-	124,480	-	124,480	(60,766)	-	63,714
Frameworking Upgrade To Care Management System	363	219	-	-	-	-	-	582	(582)	-	-	-	-
Health Integration	119	-	-	-	-	-	-	119	(119)	-	-	-	-
Lupus Street	327	-	-	-	-	-	-	327	(327)	-	-	-	-
Mobile Working	30	20	-	-	-	-	-	50	(30)	20	-	20	
People First Website	21	-	-	-	-	-	-	21	(21)	-	-	-	
Adults and Deputy Chief Executive Total	5,460	15,239	20,800	45,000	39,080	-	-	125,579	(1,079)	124,500	(60,766)	-	63,734
Barrow Hill Access and Safeguarding	11	-	-	-	-	-	-	11	(11)	-	-	-	-
Carer's Extensions Funding (LAC)	20	60	40	-	-	-	-	120	-	120	-	-	120
Hallfield School ASD	48	-	-	-	-	-	-	48	(48)	-	-	-	-
Hallfield Site Improvements	25	-	-	-	-	-	-	25	(25)	-	-	-	-
King Solomon Academy Expansion	650	-	-	-	-	-	-	650	(450)	200	(200)	-	-
Library IT And Smart Open Solution	32	-	-	-	-	-	-	32	-	32	-	-	32
Queen Elizabeth II ASD Class Build Provision	450	-	50	-	-	-	-	500	(500)	-	-	-	-
Safeguarding For Community Primary Schools	784	500	475	450	425	-	-	2,634	(2,634)	-	-	-	-
School Development Capital Projects (Generic)	1,000	500	475	450	425	-	-	2,850	(2,850)	-	-	-	-
SEN High Needs and Family Support	1,000	3,000	2,850	2,708	2,572	-	-	12,130	(12,130)	-	-	-	-
Social Care System Reprourement	864	41	-	-	-	-	-	905	(905)	-	-	-	-
St Marylebone Bridge Special School	4,749	-	-	-	-	-	-	4,749	(4,749)	-	-	-	-
Windmill ASD Centre at Millbank School	700	-	-	-	-	-	-	700	(700)	-	-	-	-
Children's Services Total	10,333	4,101	3,890	3,608	3,422	-	-	25,354	(25,002)	352	(200)	-	152
Highways Projects:													
5 Climate Safe Streets Asks - London Cycle Campaign - Consultant commission	-	100	-	-	-	-	-	100	-	100	-	-	100
Abel & Cleland	50	667	-	-	-	-	-	717	(717)	-	-	-	-
Arundel Court	1,500	1,073	-	-	-	-	-	2,573	(1,500)	1,073	(1,073)	-	-
Bus Stop Accessibility	400	200	200	200	200	200	-	1,400	(1,200)	200	-	-	200
CCTV Enforcement School Street Programme	-	976	875	875	-	-	-	2,726	-	2,726	-	-	2,726
Central Island Improvements For Elgin Avenue	-	452	-	-	-	-	-	452	-	452	(452)	-	-
Central London Cycle Grid in Westminster	600	1,488	1,695	1,250	1,000	1,000	-	7,033	(2,200)	4,833	-	-	4,833
Ceremonial Streetscape 1	800	2,171	3,000	2,500	-	-	-	8,471	(8,471)	-	-	-	-
Conduit Street & St. George Street Public Realm Improvements	200	800	2,400	1,000	-	-	-	4,400	(4,400)	-	-	-	-
Covent Garden Neighbourhood Traffic Management	234	-	-	-	-	-	-	234	-	234	-	-	234
Cycle Greenway (North)	-	300	1,000	1,000	-	-	-	2,300	-	2,300	-	-	2,300
Cycle Parking (Stands)	75	225	225	225	225	225	-	1,200	(225)	975	-	-	975
Dockless Mobility Infrastructure	100	100	100	-	-	-	-	300	-	300	-	-	300
Elevated Harrow Rd Bridge - Battleship Building Cathodic Protection	-	500	1,500	500	-	-	-	2,500	-	2,500	-	-	2,500
Elizabeth Street / BPR Diagonals Crossing	100	475	475	-	-	-	-	1,050	-	1,050	(1,050)	-	-
Elmfield Way	-	1,700	-	-	-	-	-	1,700	-	1,700	-	-	1,700
Folding Bike Hire Stations	-	350	-	-	-	-	-	350	-	350	-	-	350
Freight & Servicing Action Plan	272	100	100	100	100	100	-	772	(300)	472	-	-	472
Gas Lighting Replacement	343	1,000	-	-	-	-	-	1,343	-	1,343	-	-	1,343
General Developer Schemes	6,000	6,000	6,000	6,000	6,000	6,000	-	36,000	(36,000)	-	-	-	-
Golden Jubilee Footbridges Lift Refurbishment	1,000	796	-	-	-	-	-	1,796	(750)	1,046	-	-	1,046
Great Scotland Yard	18	-	-	-	-	-	-	18	-	18	-	-	18
Highways Buildouts For Trees	1,000	1,283	600	-	-	-	-	2,883	-	2,883	-	-	2,883
Highways Innovation	1,655	1,000	1,000	1,000	-	-	-	4,655	-	4,655	-	-	4,655
HVM Covent Garden	50	1,400	2,354	-	-	-	-	3,804	(3,804)	-	-	-	-
Identifying Pedestrian Accessibility Concerns	100	50	50	50	50	50	-	350	(150)	200	-	-	200
Improved Bus Travel - Pinch Point Reduction	-	400	-	-	-	-	-	400	-	400	-	-	400
Improvement to Air Quality	-	75	-	-	-	-	-	75	-	75	-	-	75
Improving Pedestrian Accessibility	480	100	100	100	100	100	-	980	(300)	680	-	-	680
Isolated Pitches - Independent Market Trader Bollards	1,198	-	-	-	-	-	-	1,198	-	1,198	(480)	-	718
Lisson Green Footbridge Refurbishment	450	-	-	-	-	-	-	450	-	450	-	-	450
Local Safety And Traffic Management Schemes	1,013	1,000	1,000	1,000	1,000	1,000	-	6,013	(50)	5,963	-	-	5,963
Lord Hills & Westbourne Terrace Pedestrian Subway Infilling	405	400	-	-	-	-	-	805	-	805	-	-	805
Low Carbon Street	400	-	-	-	-	-	-	400	-	400	-	-	400
Millbank River Wall Fender Replacement	-	100	100	-	-	-	-	200	-	200	-	-	200
Neat Streets II	100	767	-	-	-	-	-	867	-	867	-	-	867
North Wharf Gardens Site II	156	-	-	-	-	-	-	156	(156)	-	-	-	-
Parking Service - Emissions-Based Charging System Config	-	40	-	-	-	-	-	40	-	40	-	-	40
Parking Service - Full Replacement of On-Street Pay-To-Park Signage	-	100	-	-	-	-	-	100	-	100	-	-	100
Parking Service - Purchase of Traffic Enforcement Cameras	-	400	-	-	-	-	-	400	-	400	-	-	400
Parking Service - Review of Parking Zones & Permissions	-	250	-	-	-	-	-	250	(66)	184	-	-	184
Parking Services - Res Parking Zone(S) Review 2021/22+	50	-	-	-	-	-	-	50	-	50	-	-	50
Pedestrian Phase Installation	-	-	300	300	300	-	-	900	-	900	-	-	900
Piccadilly and/or Baker Street Two Way - Red Route	50	-	-	-	-	-	-	50	-	50	-	-	50
Planned Preventative Maintenance - Highways	7,877	7,344	7,564	7,791	8,024	8,024	-	46,624	-	46,624	-	-	46,624
Planned Preventative Maintenance - Lighting	5,142	4,662	3,002	3,002	3,000	3,000	-	21,808	-	21,808	-	-	21,808

Appendix 1 - General Fund Including 2022/23 & Future Years

Scheme Name	Forecast	Five Year Plan Gross Spend					Future Years to 2036/37	Grand Total Including 2022/23 & Future Years					
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28		Gross Spend	External Funding	Net Spend	Internal Funding	Capital Receipts	Borrowing Requirement
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Planned Preventative Maintenance (PPM) - Bridges And Structures	1,060	1,090	1,085	1,085	1,085	1,085	-	6,490	(1,650)	4,840	-	-	4,840
Protective Measures	2,427	2,500	1,000	2,000	-	-	-	7,927	-	7,927	-	-	7,927
Queen'S Park TfL Cycle Hire Expansion	-	271	271	-	-	-	-	542	-	542	(542)	-	-
Regent Street (Permanent Scheme)	-	2,000	4,000	6,000	6,000	2,000	-	20,000	(16,000)	4,000	-	-	4,000
Riding House Street Pedestrianisation	361	-	-	-	-	-	-	361	-	361	-	-	361
School Travel Plan Engineering Programme	187	300	300	300	300	300	-	1,687	(750)	937	(211)	-	726
Secure Cycle Parking (Cycle Hangars)	175	175	175	175	175	175	-	1,050	(525)	525	-	-	525
St Georges Warwick Drive.	82	-	-	-	-	-	-	82	-	82	(82)	-	-
State Event Operation Plan	54	-	-	-	-	-	-	54	-	54	-	-	54
Strand Underpass Ventilation	-	500	500	-	-	-	-	1,000	-	1,000	-	-	1,000
Street Types: High Street	150	-	-	-	-	-	-	150	-	150	-	-	150
Thayer/Mandeville Street	26	-	-	-	-	-	-	26	-	26	-	-	26
Traffic Signal Improvements and PCATS	55	100	100	100	100	100	-	555	(300)	255	-	-	255
VAS Signs	86	50	50	50	50	50	-	336	(150)	186	-	-	186
Victoria Street Red Route	209	656	1,300	-	-	-	-	2,165	-	2,165	(297)	-	1,868
Villiers Street	2,000	2,233	-	-	-	-	-	4,233	-	4,233	-	-	4,233
Voids In The Public Highway	340	250	250	250	-	-	-	1,090	-	1,090	-	-	1,090
Waterloo Bridge HVM	300	2,458	2,750	2,000	-	-	-	7,508	-	7,508	-	-	7,508
Public Realm Projects:													
Asset Update	94	-	-	-	-	-	-	94	-	94	-	-	94
Burlington Gardens Public Realm	246	-	-	-	-	-	-	246	(246)	-	-	-	-
Ceremonial Streetscapes 2	1,200	2,596	-	-	-	-	-	3,796	(3,444)	352	-	-	352
Connaught Village Green	100	1,671	-	-	-	-	-	1,771	(500)	1,271	-	-	1,271
Crime and ASB-focussed CCTV coverage	-	500	1,500	-	-	-	-	2,000	-	2,000	-	-	2,000
Drainage Infrastructure	1,273	1,200	1,200	1,200	1,200	1,200	-	7,273	-	7,273	-	-	7,273
Dryden Street (Grain House) Public Realm Improvements	-	743	-	-	-	-	-	743	(743)	-	-	-	-
Empty Dwelling Management Orders	-	200	200	200	200	-	-	800	-	800	-	-	800
Flooding - Reducing impact of Surface Water flooding	-	700	700	-	-	-	-	1,400	-	1,400	-	-	1,400
Grosvenor Square Realm Scheme	100	900	4,000	-	-	-	-	5,000	-	5,000	(2,500)	-	2,500
Hanover Square Public Realm Scheme	2,000	-	-	-	-	-	-	2,000	(2,000)	-	-	-	-
Henrietta Street Southampton Street Public Realm Improvements	-	1,472	947	-	-	-	-	2,419	(2,419)	-	-	-	-
Improving of Response to Noise Complaints	20	-	-	-	-	-	-	20	-	20	-	-	20
LED/CMS Rollout	1,635	-	-	-	-	-	-	1,635	-	1,635	-	-	1,635
Legible London - Wayfinding Assets	77	50	50	50	50	50	-	327	(300)	27	-	-	27
Market Electrical Supply Improvements	664	-	-	-	-	-	-	664	-	664	-	-	664
Market Infrastructure	200	-	-	-	-	-	-	200	-	200	-	-	200
Old Burlington Street Public Realm	799	-	-	-	-	-	-	799	(799)	-	-	-	-
Paddington & Hyde Park Estate Low Traffic Neighbourhood	386	-	-	-	-	-	-	386	-	386	(259)	-	127
Piccadilly Underpass (Ventilation Fan) Refurbishment	1,024	2,093	1,000	-	-	-	-	4,117	-	4,117	-	-	4,117
Planters	-	70	70	70	70	70	-	350	-	350	-	-	350
Portman Square Footways	30	-	-	-	-	-	-	30	-	30	-	-	30
Princes Street Public Realm Scheme	-	1,000	1,200	-	-	-	-	2,200	(1,100)	1,100	-	-	1,100
Public Conveniences Renovation Programme	800	2,781	2,780	-	-	-	-	6,361	-	6,361	-	-	6,361
Queensway Public Realm Improvements	1,000	2,000	2,187	-	-	-	-	5,187	-	5,187	(3,187)	-	2,000
Royal Albert Hall HVM Highways and Public Realm	1,366	-	-	-	-	-	-	1,366	(538)	828	-	-	828
Sackville Street & Vigo Street Public Realm	100	1,880	-	-	-	-	-	1,980	(980)	1,000	-	-	1,000
Safe City Transformation Programme	200	-	-	-	-	-	-	200	-	200	-	-	200
Shepherd Market Public Realm	-	1,600	1,200	666	-	-	-	3,466	(2,366)	1,100	-	-	1,100
St John'S Wood High Street Public Realm Improvements	200	1,610	-	-	-	-	-	1,810	(436)	1,374	(1,374)	-	-
Street Trees – New Planting	335	480	450	430	410	410	-	2,515	-	2,515	-	-	2,515
WCC Public Mortuary - Contingency Power Generator	100	-	-	-	-	-	-	100	-	100	-	-	100
Wellington Hotel	100	350	350	-	-	-	-	800	(100)	700	(700)	-	-
Waste Projects:													
Commercial Waste Containers	64	40	40	40	40	-	-	224	-	224	-	-	224
Electric Street Cleansing Vehicles - City Wide	-	8,000	-	-	-	-	-	8,000	-	8,000	-	-	8,000
Electric Vehicle Charging Infrastructure	2,290	3,154	3,311	-	-	-	-	8,755	(1,100)	7,655	(2,495)	-	5,160
Food Waste Containers	334	441	-	-	-	-	-	775	-	775	-	-	775
Household Waste and Recycling Bins (ilbert St)	-	750	750	-	-	-	-	1,500	-	1,500	-	-	1,500
Main Fleet Replacement Programme	18,398	5,761	17,500	-	-	-	-	41,659	-	41,659	-	-	41,659
Recycling Bin Infrastructure - Housing Estates	-	1,500	1,500	-	-	-	-	3,000	-	3,000	-	-	3,000
Recycling Containers and Bins	64	214	100	100	100	-	-	578	-	578	-	-	578
Recycling-On-The-Go - Litterbins - Metal Duobins	-	1,000	1,000	-	-	-	-	2,000	-	2,000	-	-	2,000
Zero Emission Street Cleansing Vehicles	600	2,120	-	-	-	-	-	2,720	-	2,720	(2,110)	-	610
Other Projects:													
Parks And Cemeteries Tree Planting	35	20	20	20	20	20	-	135	-	135	-	-	135
CCTV Crime & Disorder Estate	140	-	-	-	-	-	-	140	-	140	-	-	140
Disabled Facility Grants (DFG)	1,400	1,729	1,729	1,729	1,729	-	-	8,316	(8,316)	-	-	-	-
Parking Service - Business Processing & Technology	2,000	1,500	-	-	-	-	-	3,500	-	3,500	-	-	3,500

Appendix 1 - General Fund Including 2022/23 & Future Years

Scheme Name	Forecast		Five Year Plan Gross Spend				Future Years to 2036/37	Grand Total Including 2022/23 & Future Years					
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28		Gross Spend	External Funding	Net Spend	Internal Funding	Capital Receipts	Borrowing Requirement
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Pimlico Public Space	273	-	-	-	-	-	-	273	-	273	-	-	273
Active Travel	-	1,276	-	-	-	-	-	1,276	-	1,276	-	-	1,276
St Martin Lane	-	940	2,820	940	-	-	-	4,700	(1,600)	3,100	-	-	3,100
Environment & City Management Total	78,976	103,769	92,025	44,298	31,528	25,159	-	375,755	(106,651)	269,104	(16,812)	-	252,292
Corporate Property Projects:													
Accessibility Programme - Access & Inclusion	90	1,028	1,100	500	500	500	-	3,718	-	3,718	-	-	3,718
Barnard & Florey	50	318	-	-	-	-	-	368	-	368	-	-	368
Capitalisation Of Employee Costs	878	909	936	965	994	1,024	-	5,706	-	5,706	-	-	5,706
Changing Places Bid Programme	120	60	-	-	-	-	-	180	(100)	80	-	-	80
Community Facing Facilities	487	500	500	500	500	500	-	2,987	-	2,987	-	-	2,987
Coroners Court Extension	2,323	1,683	-	-	-	-	-	4,006	(3,159)	847	-	-	847
Huguenot House	680	750	6,656	11,000	40,000	35,387	5,000	99,473	-	99,473	-	(108,184)	(8,711)
Huguenot House Acquisitions	4,000	4,000	9,650	-	-	-	-	17,650	-	17,650	-	-	17,650
Improvements Vacant Investment Properties	3,070	2,340	1,750	2,050	3,050	2,050	-	14,310	(374)	13,936	-	-	13,936
Landlords Responsibility Budget	1,500	5,000	5,000	5,000	5,000	5,000	-	26,500	-	26,500	-	-	26,500
Meeting Rooms Refurbishment	300	300	-	-	-	-	-	600	-	600	-	-	600
Minimum Energy Efficiency Standard (MEES)	100	217	100	25	25	25	-	492	-	492	-	-	492
Minor Works Operational Portfolio	785	350	350	350	350	-	350	2,535	-	2,535	-	-	2,535
Porchester Leisure Centre & Paddington Library	-	1,400	1,900	2,200	200	-	-	5,700	-	5,700	-	-	5,700
Portman - Remodel	261	-	-	-	-	-	-	261	-	261	-	-	261
Property Investment Acquisitions	27,094	-	23,226	23,226	23,227	23,227	-	120,000	-	120,000	-	-	120,000
Queens Park Family Hub	100	1,150	-	-	-	-	-	1,250	-	1,250	-	-	1,250
Reactive Capitalised Maintenance	-	1,729	-	-	-	-	-	1,729	-	1,729	-	-	1,729
Remodelling of Early Help/ Children's Centres	100	-	-	-	-	-	-	100	-	100	-	-	100
Schools Minor Works	320	803	400	400	400	400	-	2,723	(2,723)	-	-	-	-
Seymour Leisure Centre and Marylebone Library	1,642	2,899	21,723	13,989	-	-	-	40,253	(1,750)	38,503	-	-	38,503
Sports & Leisure - Leisure Review Maintenance	50	-	-	-	-	-	-	50	-	50	(50)	-	-
Sports & Leisure - Sayers Croft Maintenance	-	180	90	90	90	90	-	540	-	540	-	-	540
Sports & Leisure - Condition Survey and Maintenance Projects	470	1,373	110	385	100	385	-	2,823	-	2,823	(64)	-	2,759
Sports and Leisure Sayers Croft Loxwood Hall	-	170	-	-	-	-	-	170	-	170	(170)	-	-
St Marys Terrace	-	-	-	-	-	-	-	-	-	-	-	(1,521)	(1,521)
Tresham Centre Expansion	500	700	-	-	-	-	-	1,200	-	1,200	-	-	1,200
Workplace Property Responsibilities	262	300	300	300	300	300	-	1,762	-	1,762	-	-	1,762
ZF Carbon Management Programme	5,662	6,300	3,250	3,500	3,000	3,000	-	24,712	(5,538)	19,174	-	-	19,174
Smart City Projects:													
Business Intelligence & Data Analytics	-	281	-	-	-	-	-	281	-	281	-	-	281
Customer Experience Enhancements	174	-	-	-	-	-	-	174	-	174	-	-	174
Digital Street Markets	543	-	-	-	-	-	-	543	(526)	17	-	-	17
Dynamics Development & APIs	-	125	-	-	-	-	-	125	-	125	-	-	125
End User Computing Refresh	469	1,708	469	-	-	2,800	2,800	8,246	-	8,246	-	-	8,246
IT Information Security Management	-	50	50	50	50	50	400	650	-	650	-	-	650
IT Infrastructure	-	1,200	1,200	1,200	1,200	-	-	4,800	-	4,800	-	-	4,800
IT Product Development	549	2,600	2,600	2,600	2,600	2,000	-	12,949	-	12,949	-	-	12,949
Network & Telephony Transformation	47	-	-	-	-	-	-	47	-	47	-	-	47
Online Customer Experience	1,200	3,487	-	-	-	-	-	4,687	-	4,687	-	-	4,687
Residential Broadband Connections	100	800	850	-	-	-	-	1,750	-	1,750	(400)	-	1,350
Smart City - Clean Tech City Theme	100	125	-	-	-	-	-	225	-	225	-	-	225
Smart City - Empowering People	405	425	-	-	-	-	-	830	-	830	-	-	830
Smart City - Extraordinary Experiences	100	90	-	-	-	-	-	190	-	190	-	-	190
Smart City - Innovative Ecosystems	250	-	-	-	-	-	-	250	-	250	-	-	250
Smart City Operating System	200	250	300	-	-	-	-	750	-	750	-	-	750
Technology Refresh & Upgrades	-	150	-	-	-	-	-	150	-	150	-	-	150
Telephony2020 - Phase 2 and Contact Centre	26	324	-	-	-	-	-	350	-	350	-	-	350
Website Development & Forms Functionality	-	200	-	-	-	-	-	200	-	200	-	-	200
Website Re-Platform	90	-	-	-	-	-	-	90	(90)	-	-	-	-
WEP - Connect Westminster-Broadband	436	-	-	-	-	-	-	436	(400)	36	-	-	36
Other Projects:													
Contingency	204	-	8,334	8,749	10,895	6,191	104,530	138,903	-	138,903	(30,000)	-	108,903
Future Years Spend	-	-	-	-	-	-	323,142	323,142	-	323,142	-	-	323,142
Finance & Resources Total	55,737	46,774	90,844	76,579	92,481	82,929	436,222	881,566	(14,660)	866,906	(30,684)	(109,705)	726,517
Development Projects:													
291 Harrow Road	195	755	6,930	35,201	5,458	8,936	255	57,730	(2,192)	55,538	-	(75,748)	(20,210)
300 Harrow Road	28,657	11,130	905	60	2,908	-	-	43,660	(7,223)	36,437	-	(9,219)	27,218
Church St Regeneration Hub	50	250	-	-	-	-	-	300	-	300	-	-	300
Church Street Acquisitions Sites ABC	3,400	538	8,400	12,307	28,887	19,111	-	72,643	-	72,643	-	(89,214)	(16,571)
Church Street Site A - Partnership Investment	-	-	19,659	39,258	32,498	4,819	-	96,234	-	96,234	-	(105,447)	(9,213)
Church Street Sites ABC Equity Loan	425	-	-	-	-	-	-	8,553	-	8,553	-	-	8,553
Church Street Westminster Community Homes (WCH) Loan	-	600	2,100	3,077	7,222	150	4,628	17,777	(17,777)	-	-	-	-

Appendix 1 - General Fund Including 2022/23 & Future Years

Scheme Name	Forecast		Five Year Plan Gross Spend				Future Years to 2036/37	Grand Total Including 2022/23 & Future Years					
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28		Gross Spend	External Funding	Net Spend	Internal Funding	Capital Receipts	Borrowing Requirement
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Crompton Street	310	285	5,000	2,500	100	-	-	8,195	-	8,195	-	(9,500)	(1,305)
Ebury Bridge Estate Equity Loan For Resident Leaseholders	-	-	6,896	-	-	2,155	-	9,051	-	9,051	-	-	9,051
Ebury Bridge Estate Regeneration - Forward Fund Acquisitions with Tenants in Situ (WCH)	-	1,200	-	-	-	-	-	1,200	(1,200)	-	-	-	-
Hall Place Greening	13	500	3,922	-	-	-	-	4,435	-	4,435	(415)	-	4,020
Lisson Grove Programme - Acquisitions	1,763	1,000	2,830	-	-	-	-	5,593	-	5,593	-	-	5,593
Lisson Grove Programme - Main Budget	1,236	700	5,235	4,385	48,360	50,817	109,248	219,981	(14,941)	205,040	(9,950)	(165,218)	29,872
Luxborough	3,188	5,000	2,651	-	-	-	-	10,839	(196)	10,643	-	(2,595)	8,048
WCH Development Loan & AHF -Victoria Phase 2 & Harrow Rd	6,473	-	-	-	-	-	-	6,473	-	6,473	-	(567)	5,906
Westmead	2,176	4,985	18,954	11,913	-	-	-	38,028	(4,208)	33,820	-	(11,845)	21,975
Other Projects:													
Beachcroft	185	98	-	-	-	-	-	283	-	283	-	-	283
Church St Good Growth Fund	1,387	-	-	-	-	-	-	1,387	-	1,387	(1,341)	-	46
Church Street Green Spine Public Realm	2,228	-	-	-	-	-	-	2,228	-	2,228	-	-	2,228
Commissioned Services IT System	130	-	-	-	-	-	-	130	-	130	-	-	130
District High Streets	500	3,000	4,500	2,000	-	-	-	10,000	-	10,000	-	-	10,000
Economic Recovery - Retail/Artists	-	392	-	-	-	-	-	392	-	392	-	-	392
Green Spine Phase 2	410	2,000	4,000	-	-	-	-	6,410	-	6,410	-	-	6,410
Harrow Road Place Plan - Good Growth Fund	1,750	3,600	-	-	-	-	-	5,350	(733)	4,617	-	-	4,617
Housing Service Digitisation	126	-	-	-	-	-	-	126	-	126	-	-	126
Housing Solutions Online Services and Back Office Integrations	320	-	-	-	-	-	-	320	-	320	-	-	320
Intermediate Housing Register On-Line Application	90	-	-	-	-	-	-	90	-	90	-	-	90
Open Spaces, Greener Places	120	392	175	175	-	-	-	862	-	862	-	-	862
Paddington Arts extension	-	1,500	-	-	-	-	-	1,500	-	1,500	(1,169)	-	331
Paddington Place Plan	250	1,539	-	-	-	-	-	1,789	-	1,789	-	-	1,789
Pimlico Place Strategy	139	1,790	-	-	-	-	-	1,929	-	1,929	-	-	1,929
Riverfront - North Bank and Thames Path 2	-	1,702	-	-	-	-	-	1,702	-	1,702	-	-	1,702
Rough Sleeper Accommodation Programme	-	-	9,465	-	-	-	-	9,465	-	9,465	-	-	9,465
Soho Place Plan	375	1,408	-	-	-	-	-	1,783	-	1,783	-	-	1,783
Stimulating The Economy	1,000	2,285	2,285	2,280	-	-	-	7,850	(1,096)	6,754	(193)	-	6,561
Strand Aldwych	7,400	2,731	3,000	6,000	-	-	-	19,131	(10,000)	9,131	-	-	9,131
Strategic Infrastructure Pot Expenditure	-	385	-	-	-	-	-	385	(385)	-	-	-	-
The Lodge	36	20	2,790	-	-	-	-	2,846	(296)	2,550	-	-	2,550
Victoria Place Plan	200	1,624	-	-	-	-	-	1,824	-	1,824	-	-	1,824
West End Partnership	1,339	225	-	-	-	-	-	1,564	-	1,564	-	-	1,564
Moberley & Jubilee Sport Centres	2,386	-	-	-	-	-	-	2,386	-	2,386	-	(5,050)	(2,664)
North Paddington Place Plan	-	5,000	5,000	5,000	5,000	-	-	20,000	-	20,000	(14,712)	-	5,288
Temporary Accommodation	31,969	25,957	39,566	40,453	30,240	240	1,020	169,445	(87,750)	81,695	-	-	81,695
Growth, Planning & Housing Total	100,226	82,591	154,263	164,609	160,673	94,356	115,151	871,869	(147,997)	723,872	(27,780)	(474,403)	221,689
Leisure & Parks Projects:													
Active Westminster - Open Data Initiative	50	318	-	-	-	-	-	368	-	368	-	-	368
Active Westminster - Open Data Initiative - Part 2	-	200	-	-	-	-	-	200	-	200	-	-	200
Alfred Road Playground	-	162	-	-	-	-	-	162	-	162	(42)	-	120
Bluebell Glade and Forest Garden improvement works	-	130	-	-	-	-	-	130	-	130	-	-	130
Construction of a new Splash Pad / Puddle Park	-	600	-	-	-	-	-	600	-	600	-	-	600
Environmental area and Forest School Improvement Works	-	150	-	-	-	-	-	150	-	150	-	-	150
Outdoor & Open Spaces Schemes	6	-	-	-	-	-	-	6	-	6	-	-	6
Paddington Green School MUGA	-	113	-	-	-	-	-	113	-	113	-	-	113
Parks & Open Spaces Infrastructure	135	165	150	150	150	-	-	750	-	750	-	-	750
Parks & Open Spaces Noticeboards	66	-	-	-	-	-	-	66	-	66	-	-	66
Pavillion Changing rooms	-	80	-	-	-	-	-	80	-	80	-	-	80
Physical Activity Infrastructure in Local Estates' project.	-	400	-	-	-	-	-	400	-	400	(400)	-	-
Pimlico Gardens Recreation Ground	188	300	-	-	-	-	-	488	-	488	-	-	488
Play Street	-	900	-	-	-	-	-	900	-	900	-	-	900
Playground Safety surfacing & additional Accessible equipment	-	175	-	-	-	-	-	175	-	175	-	-	175
Playgrounds Minor Works	120	20	70	70	70	-	-	350	-	350	-	-	350
Tennis Courts (Synthetic) Improvement Works	-	150	-	-	-	-	-	150	-	150	-	-	150
Westminster Academy Skatepark and MUGAs	-	185	-	-	-	-	-	185	-	185	(65)	-	120
Wilberforce Multi Use Game Areas	20	133	-	-	-	-	-	153	-	153	(153)	-	-
Public Realm Projects:													
Cemeteries Infrastructure	125	117	70	70	70	-	-	452	-	452	-	-	452
Parks & Gardens Infrastructure Improvements	247	-	-	-	-	-	-	247	-	247	-	-	247
Replacement toilet East Finchley Cemetery	-	100	-	-	-	-	-	100	-	100	-	-	100
Other Projects:													
Community Hubs	-	500	1,000	8,500	-	-	-	10,000	-	10,000	(10,000)	-	-
Health And Wellbeing Projects	545	250	250	250	250	-	-	1,545	(400)	1,145	-	-	1,145
Pathway works Improvement programme including improved accessibility from car park	-	615	-	-	-	-	-	615	-	615	-	-	615
Tree Preservation Replacement Programme	68	50	-	-	70	-	-	188	-	188	-	-	188
Innovation & Change Total	1,570	5,313	1,540	9,540	610	-	-	18,573	(400)	18,173	(10,660)	-	7,513

Appendix 1 - General Fund Including 2022/23 & Future Years

Scheme Name	Forecast	Five Year Plan Gross Spend					Future Years to 2036/37	Grand Total Including 2022/23 & Future Years					
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28		Gross Spend	External Funding	Net Spend	Internal Funding	Capital Receipts	Borrowing Requirement
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Luton Street LLP GF Investment	6,500	-	-	-	-	-	-	6,500	-	6,500	-	(28,000)	(21,500)
Loan To Westminster Builds For Development Projects	8,200	31,886	-	77,235	72,082	33,872	211,877	435,152	-	435,152	-	(308,000)	127,152
Westminster Builds Total	14,700	31,886	-	77,235	72,082	33,872	211,877	441,652	-	441,652	-	(336,000)	105,652
Grand Total	267,002	289,673	363,362	420,869	399,876	236,316	763,250	2,740,348	(295,789)	2,444,559	(146,902)	(920,108)	1,377,549

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City of Westminster

Meeting or Decision Maker:	Cabinet
Date:	13th February 2023
Classification:	General Release
Title:	2023/24 Housing Revenue Account 30-Year Business Plan and Housing Investment Plan
Wards Affected:	All
Fairer Westminster:	This report addresses all income and expenditure associated with the Council's existing social housing stock, as well as investment in new housing and estate regeneration. This underpins multiple elements that support the delivery of the Council's Fairer Westminster Strategy.
Financial Summary:	<p>The report presents the 30-year Business Plan for the Housing Revenue Account (HRA) covering the spending plans for both capital and revenue over that period. The 5-year outlook for the HRA revenue budget projects gross income of £701.87m and gross expenditure of £675.73m (with a further £26.14m contribution to fund capital). The business plan includes total capital investment of £794.51m over the next 5 years and a total of £2.359bn over the full 30 years.</p> <p>The HRA Business Plan is viable, subject to some over-arching assumptions, and demonstrates that the capital investment ambition over the 30 years can be funded sustainably. Resilience measures are incorporated to mitigate identified risks.</p>
Report of:	Debbie Jackson, Executive Director of Growth, Planning and Housing and Gerald Almeroth, Executive Director of Finance & Resources.

1. Executive Summary

- 1.1 This report presents the updated 30-year Housing Revenue Account (HRA) Business Plan which the Council is obliged to prepare on an annual basis. It provides an overview of the financial planning that supports the management of the 20,788 homes operated by the Council's HRA. This covers both revenue and capital expenditure and therefore incorporates the extensive Housing Investment Plan.
- 1.2 Despite a volatile economic backdrop that has presented the HRA with significant financial challenges (see **Section 7**), the Council has delivered a sustainable HRA Business Plan from 2023/24 onwards. In doing so, it has managed to safeguard all planned housing investment whilst also increasing the delivery of social homes by 318 across its development programme. This is a significant achievement in the context of delivering the Council's Fairer Westminster vision.
- 1.3 Housing is a significant pillar within this vision and the HRA Business Plan is therefore a critical enabler for Council in delivering key strategic outcomes. As well as maximising the delivery of social housing, the plan supports investment in several other important objectives which are covered in **Section 5**. This includes increasing frontline staff, improving the condition and safety of existing stock, and investment to retrofit homes in order to achieve net zero carbon emissions by 2030.
- 1.4 The report seeks approval for the HRA revenue budget for 2023/24 (see **Section 8**). This includes approval for the proposed uplifts to both HRA rents and non-dwelling charges to take effect from 3rd April 2023. The Council is proposing to adopt a 7% rent increase for 2023/24 (in line with the government's rent cap), along with a 10.1% increase to charges for garages and sheds (in line with its wider fee & charges policy). It is acutely aware of the current pressure on household incomes and proposes to increase its Rent Support Fund from £0.575m to £1.010m to provide targeted support to tenants. This will be held as an earmarked reserve. Based on these proposals, the HRA will generate £126.17m across a range of income streams in 2023/24 (of which £85.23m comes from tenant rents). The 2023/24 expenditure budget is £123.48m, which leaves an operating surplus of £2.69m (which will be used to fund the capital programme).
- 1.5 The report also seeks approval for the 5-year HRA capital programme which includes planned capital expenditure of £794.51m (see **Section 9**). The 30-year programme totals £2.359bn. Just under half of the programme is funded from external sources (£1.014bn) with the remainder supported by the HRA itself. This includes a requirement to borrow an additional £479m over the next 16 years (including 2022/23, an increase of £51m on the previous iteration). The business plan ensures this is prudent by setting minimum reserve levels, applying a minimum interest cover ratio, and creating appropriate contingencies to manage risk (see **Section 12**).

2. Recommendations

- 2.1 Approve the HRA revenue budget for 2023/24 (Table 1 and Appendix 3)
- 2.2 Note the HRA 5-year revenue budgets for 2023/24 to 2027/28 (Appendix 3) and HRA 30-year revenue budgets for 2023/24 to 2052/53 (Appendix 4a)
- 2.3 Approve the HRA 5-year Capital Programme totalling £794.51m (Table 4)
- 2.4 Note the 30-year Capital Programme for 2023/24 to 2052/53 totalling £2.359bn (Appendix 5)
- 2.5 Approve the inclusion of all Fairer Westminster investments, including the expansion of the HRA Rent Support Fund to £1.010m in 2023/24 (to be earmarked to support tenants experiencing financial difficulty during the cost-of-living crisis)
- 2.6 Approve a rent increase of 7% from 3rd April 2023 in line with the social rent cap introduced by government for 2023/24, whilst noting that the Council continues to exercise its discretion under the rent restructuring policy to set rents for re-lets (both new tenants and transfers) up to formula target rent
- 2.7 Approve an increase of 10.1% to the fees charged for garages and sheds (in line with CPI at September 2022) from 3rd April 2023
- 2.8 Approve that tenant service charges be varied in line with estimated actual costs for 2023/24 from 3rd April 2023
- 2.9 Note the HRA reserves and balances for the 5-year Business Plan (Table 5)

3. Reasons for decision

- 3.1 Section 76 of the Local Government and Housing Act 1989 requires Local Authorities with a Housing Revenue Account (HRA) to set a budget for the account that avoids a deficit, whilst using robust and valid assumptions.
- 3.2 Furthermore, there is a statutory requirement for the Council to prepare a 30-Year Business Plan for the HRA on an annual basis. The purpose of this exercise is to keep the long-term financial viability of the HRA under regular review.
- 3.3 The report also provides the approval needed to set HRA tenant rents and other charges for the financial year 2023/24. The City Council is required by law to give tenants at least 28 days' notice of any variation to the rent charged.
- 3.4 Finally, this report outlines how the Housing Investment Plan supports the delivery of the Council's Fairer Westminster vision, including its commitment to deliver new affordable homes whilst maintaining the condition of the existing housing portfolio.

4. Key Implications

- 4.1 The report seeks approval for the 2023/24 HRA revenue budget. The proposed budget represents a balanced position and will retain a HRA reserve balance of £17.0m (to be maintained over the first 5 years of the plan). The budget is dependent on a rent uplift of 7% being applied in 2023/24 in line with the maximum increase for 2023/24 set by The Rents for Social Housing policy.
- 4.2 It also seeks approval for the 5-Year HRA Capital Programme which includes total expenditure of £794.51m. This includes £333.16m of investment in existing stock (supporting key priorities around fire safety and climate change) and £461.35m of development investment to deliver more than 900 new homes for social rent over this period. This is supported by a range of funding sources but ultimately requires the HRA to borrow £169.00m, which will result in a total interest cost of £13.93m to be covered by the revenue budget on an on-going basis from 2027/28 onwards.
- 4.3 The report outlines the financial plan for the HRA based on assumed rent changes, service budget requirements and other variables as set out in the report. It also highlights the decisions made in relation to HRA reserve levels and other contingencies designed to improve the resilience of the HRA. Acceptance of the proposed financial strategy and approach to risk management that is adopted by the business plan will help the Council to deliver its strategic housing objectives in a manner that is sustainable and keeps the HRA on a secure financial footing.

5. Fairer Westminster

- 5.1 The funding plans earmarked in the HRA Business Plan will make a significant contribution to the delivery of the Council's Fairer Westminster vision. A summary of the proposed outputs under each strategic theme is shown below:

5.2 Fairer Housing

- Deliver 1,400 new council homes for social rent from 2023/24 onwards to expand access to truly affordable housing across the City (an increase of 318 versus the previous iteration of the business plan)
- Undertake stock condition surveys across more than 30% of homes in 2023/24 to ensure all Council tenants live in homes maintained to a decent standard

5.3 Fairer Environment

- Provide funding for a £218m programme to retrofit existing homes and help the Council to achieve its ambition of net zero emissions by 2030
- Improve the energy efficiency of HRA stock to help tenants and leaseholders to reduce energy bills and reduce the debilitating impact of fuel poverty
- Support de-carbonisation of the PDHU with funds to deliver network upgrades

5.4 Fairer Communities

- Regeneration of the Church Street and Ebury Bridge estates to deliver high quality open spaces and community amenities
- Working with partners to tackle anti-social behaviour and its causes

5.5 Fairer Council

- Increasing the number of frontline housing officers and creating estate offices to ensure tenants can easily access the support that they need
- Digital investment to enhance the experience of tenants when they engage with the Housing service (including an upgrade to the Orchard system)

5.6 Fairer Economy

- Cultivating vibrant communities by improving social infrastructure and delivering new local retail, leisure and enterprise space
- Maximising procurement opportunities to use the local supply chain and deliver social value commitments as part of delivering the investment programme

6. **Background**

6.1 The HRA covers all income and expenditure relating to the portfolio of housing stock owned by the Council. It is required by the Local Government and Housing Act 1989 to be ring-fenced from the Council's General Fund. The legislation specifies that only expenditure relating to the Council's landlord role can be charged to the HRA and, by extension, funded by the rents charged to tenants. The Council has a legal duty to ensure that the account remains solvent and to prepare a long-term business plan annually that keeps this under regular review.

6.2 Preparing the 30-year HRA Business Plan involves a long-term assessment of the funding needed to deliver landlord duties alongside wider strategic housing objectives. This involves detailed modelling of operating resource requirements, capital investment plans and external funding streams against wider environmental factors such as macro-economic assumptions and potential legislative changes. This creates a detailed financial outlook for the HRA which is summarised in **Sections 8-10** of this report (with detailed schedules included in Appendices 2-4).

6.3 The over-arching assumptions that support the business plan are included at Appendix 1. Any adverse movement on these assumptions has the potential to put financial pressure on the HRA and reduce its ability to support capital investment. A key aspect of the business planning process is making strategic decisions about appropriate levels of cover to ensure that the HRA remains resilient in the face of an ever-changing economic. This approach is outlined in **Sections 12-13**, which also includes sensitivity analysis to test what level of financial shock the HRA could be expected to absorb without compromising deliverables.

7. The operating context for the HRA

7.1 Preparing the HRA Business Plan requires careful consideration of a range of external factors that have the potential to materially alter the resources that the HRA has to allocate in the future. The key considerations for this iteration of the business plan are briefly outlined below.

7.2 Inflation

7.2.1 The UK has experienced high levels of inflation over the last 12 months. The Consumer Price Index (CPI) has remained higher than 10% for much of the year which has put significant pressure on the HRA given that the CPI assumption in the previous business plan was closer to 3%. This has been exacerbated by the HRA's exposure to sectors such as construction and utilities which are experiencing specific inflation pressure that is running much higher than CPI.

7.2.2 Consequently, this iteration of the HRA business plan has had to absorb more than £4m of residual 2022/23 inflation pressure on revenue expenditure from the outset. An assessment of inflation exposure on the Development capital programme has identified a further £56m pressure. This has created a significant challenge for the Council in maintaining the sustainability of the plan.

7.2.3 Despite the Bank of England's assessment that CPI will begin to stabilise and start to come down by the end of 2023, the business plan has been prepared on the basis on CPI continuing to run at 10% for 2023/24. This is considered a prudent approach to ensure that sufficient allowances are made for the new financial year and results in the inclusion of an inflation contingency of approximately £5.5m across the HRA cost base.

7.3 Social Rent Policy

7.3.1 In the Autumn Statement, the government announced that there would be a 7% cap applied to social rent uplifts from 1st April 2023. This represented a significant change to the existing rent policy which had previously allowed for a rent uplift of CPI+1% (which formed the basis of the assumptions in the previous business plan).

7.3.2 The Council intends to adopt a rent uplift in line with the 7% cap, but this inevitably results in a below-inflation increase that creates a shortfall in HRA resources in the face of the cost pressures noted above. Every 1% of rent is worth roughly £800k to the HRA, which creates a funding shortfall of roughly £3.2m on the basis that the previous business plan assumed CPI+1% (which would have required an 11% uplift). To help manage this funding gap, efficiency savings of £3.1m have been identified.

7.3.3 Despite the introduction of a cap, the Council remains acutely aware that a 7% rent increase still has the potential to put considerable pressure on household income for its tenants, especially when taken in combination with increased energy costs. A large proportion of tenants (68%) are in receipt of housing benefit and therefore should see a corresponding increase in support to manage the rent increase. To help remaining tenants that may require help with the rent increase, the Council has committed to extending its Rent Support Fund from £0.575m to more than £1m to ensure that it is able to target financial support to households where needed.

7.4 **Legislative Changes**

7.4.1 The HRA is always exposed to the impact of new requirements being imposed on social landlords as a result of new legislation. Resources have been allocated to cover new duties created by the Building Safety Act that will be fully implemented before the end of 2023 (with £620k earmarked for an increased inspection regime).

7.4.2 The housing sector is also gearing up for dampness and mould to be the next area of focus nationally in relation to tenant safety. Whilst there is no indication of what any additional requirements might look like at the current time, Westminster has opted to be proactive in this area. It has allocated a further £600k to undertake targeted stock condition surveys in 2023/24 (with a focus on internals). This will allow the Council to survey more properties over the next 12 months and improve its chances of identifying mould issues and taking remedial action early.

7.4.3 Finally, the Social Housing White Paper is another piece of legislation that has the potential to alter the way in which housing services are delivered in the future and which may result in a need to fundamentally alter the way in which resources are allocated within the business plan.

7.5 **Interest Rates**

7.5.1 The Bank of England's response to the inflation challenge has been to take swift action to increase interest rates. This is a critical assumption within the HRA business plan given the impact that it has on the HRA's ability to borrow in order to fund the capital programme.

7.5.2 As part of the refresh of the business plan, the Council has opted to maintain the same assumption for interest rates as the last plan (2.6%). The Council has a forward borrowing facility that will safeguard this rate of interest for at least a couple of years, with the business plan prepared on the basis that interest rates will stabilise at the end of that period. Nonetheless, if interest rates continue to rise and this is sustained for a longer period then the HRA's borrowing capacity will be reduced as a result.

8. HRA Revenue

8.1 The HRA Business Plan is underpinned by the objectives that form the basis for the Council's Fairer Westminster strategy. It therefore provides an important vehicle for allocating resources to the delivery of this vision. The following investments have been factored into the HRA revenue budget from 2023/24 onwards.

8.2 Improving the quality of the Housing Service

8.2.1 The business plan supports the addition of 8 additional Housing officers to further supplement the increase in frontline officers that was delivered as part of the service redesign in 2021/22. This injection will initially last for 18-months and be funded from the HRA reserve until sufficient capacity can be identified within the baseline HRA revenue budget.

8.2.2 The service is also working to deliver a new generation of estate offices (subject to suitable assets being available) that will improve the presence and connectivity of frontline officers. The borough has already been mapped to identify the areas in which access to officers is weakest and this will be used to structure the approach to providing enhanced facilities (with some options already being progressed).

8.3 Improve the condition of existing stock

8.3.1 Resources have been allocated to boost the volume of stock condition surveys due to be undertaken in 2023/24, with a focus on internal condition (including potential damp and mould issues). A one-off injection of £600k will be made from the HRA reserve to deliver this. The service is hopeful that the additional resources will increase coverage to more than 30% of all HRA tenanted stock over the next 12 months. The additional funding will also be sufficient to ensure that the Council can undertake remedial repairs when the need is identified as part of a survey.

8.4 Improve safety of housing stock

8.4.1 An extra £620k has been built into the HRA revenue budget to support an enhanced building safety inspection regime on an on-going basis. This is a response to the additional duties placed on the Council as a landlord under the Building Safety Act. It also underlines the Council's commitment to ensuring that its tenants and leaseholders feel safe in their homes.

8.5 Supporting tenants in the cost-of-living crisis

8.5.1 Finally, the Council has committed to expanding the size of its earmarked Rent Support Fund to more than £1m for 2023/24. This will provide flexibility for the Housing Service to be able to target support at households experiencing difficulty

with paying rent because of pressures created by the cost-of-living crisis. The mechanism for operating this fund is also in the process of being amended so that tenants can access support as efficiently as possible to minimise anxiety.

- 8.6 The HRA Business Plan considers both the operation of the Housing Management service and the delivery of the capital programme. The delivery of the capital programme has direct revenue implications due to the impact of financing costs incurred to support the extra borrowing required. In addition, the Regeneration programme increases the level of housing stock and therefore drives growth in both income (increased rents) and expenditure (additional housing management responsibilities) within the HRA revenue budget.
- 8.7 The five-year revenue outlook for the HRA includes an expectation that rents will increase by 7% in 2023/24 (in line with the recently announced cap), reverting back to CPI+1% for 2024/25 (as per the existing rent policy) and by CPI from 2025/26 onwards (subject to what the government announces in relation to future rent guidance). Based on the current rent roll, the proposed 7% rent increase will generate approximately £5.6m in additional rental income in 2023/24. There is an expectation of a further £1.1m of income to be generated by the addition of new social homes from the development programme. The key assumptions used to set the 2023/24 budget and long-term business plan are set out at Appendix 1. The table below (Table 1) shows the 5-year revenue outlook for the HRA.
- 8.8 Rent assumptions are a critical element of the HRA Business Plan. One of the important points to note about Westminster's plan is that the rent uplifts from 2025/26 have been held at CPI which is a prudent assumption in comparison to other social housing providers. The government have given the strongest indication to date that it may continue with a rent policy that limits uplifts to CPI+1% beyond 2024/25. However, this remains speculative, and the Westminster plan therefore adopts a more prudent outlook. This can be considered one of the resilience measures built into the plan given that the Council has been able to balance its plan and will therefore get the potential benefit of any upside that comes from confirmation of the government's initial indication about future rent policy.
- 8.9 The five-year HRA revenue outlook also includes an expectation that the HRA will see a net increase in stock numbers of more than 500 homes. This boosts income from rents but also generates increased management costs (the impact of which need to be monitored closely to ensure that new units meet the operational assumptions included in the business case for each development scheme). This assumption also creates a corresponding financial risk for the HRA if schemes experience delays and units are handed over later than profiled which would reduce projected income levels for the HRA in any given year.

8.10 To help mitigate revenue risks, a flexible revenue contribution to capital is built into the revenue budget (as shown in Table 1). Its primary purpose is to reduce HRA debt levels over the life of the business plan, but there is also flexibility for it to be used as a revenue contingency if the revenue budget comes under pressure or additional borrowing is needed at any given point. It essentially creates a level of interest cover within the revenue budget (at a ratio of no less than 1.20 in any given year). This represents an important metric for ensuring that HRA borrowing plans are sustainable and the HRA is resilient to unforeseen risks.

Table 1 – 5 Year HRA Business Plan

	1	2	3	4	5
	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Dwelling Rents	(85.231)	(93.914)	(97.215)	(99.970)	(102.239)
Non-Dwelling Rents	(0.901)	(0.955)	(0.993)	(1.013)	(1.034)
Commercial Rents	(7.800)	(8.363)	(8.698)	(8.872)	(9.049)
Service Charges	(22.673)	(24.461)	(24.963)	(25.508)	(26.061)
Heating & Hot Water Service Charges (incl. PDHU)	(7.212)	(7.644)	(7.950)	(8.109)	(8.271)
HRA Investment & Other Income	(2.350)	(2.491)	(2.591)	(2.642)	(2.695)
TOTAL INCOME	(126.166)	(137.829)	(142.410)	(146.114)	(149.349)
Staff	21.866	22.850	23.535	24.006	24.486
Repairs & Maintenance	26.605	28.599	29.867	30.693	31.359
Supervision & Management	9.739	10.805	11.228	11.845	12.082
Estate Services	11.063	11.727	12.196	12.440	12.689
Heating & Hot Water Expenditure (incl. PDHU)	7.212	7.645	7.951	8.110	8.272
Rents, Rates and Commercial Charges	0.629	0.666	0.693	0.707	0.721
Regeneration	0.367	0.387	0.401	0.409	0.417
TMO Allowances	1.656	1.755	1.825	1.862	1.899
Support Costs	10.771	11.417	11.874	12.111	12.353
Movement on Bad Debt Provision (BDP)	0.550	0.583	0.606	0.618	0.631
Depreciation	21.360	22.816	24.124	24.780	25.387
Capital Financing Costs	11.661	11.435	12.584	12.874	13.933
TOTAL INCOME	123.478	130.685	136.884	140.455	144.228
HRA OPERATING (Surplus)/Deficit	(2.688)	(7.144)	(5.527)	(5.658)	(5.121)
Revenue Contribution to Fund Capital (RCCO)	2.688	7.144	5.527	5.658	5.121
HRA TOTAL	0.000	0.000	0.000	0.000	0.000
Interest Cover Ratio	1.23	1.62	1.44	1.44	1.37

8.11 The table demonstrates that the HRA revenue budget will be balanced over the medium-term, despite the impact of high inflation and a below-inflation rent uplift for 2023/24. This has been achieved, in part, through the identification of £3.1m of budget savings within the revenue budget (none of which create any tangible reduction in service levels). This ensures that a continued commitment to the efficient use of HRA resources is what balances the funding gap for 2023/24, and not a reduction in the level of capital ambition.

8.12 Furthermore, the balance on the HRA reserve (which is covered in more detail in **Section 11**) will intentionally be held at £17m for the duration of the first 5 years of the plan. This is consistent with the minimum level set in the previous iteration of the business plan and represents 11-14% of total HRA turnover over this period. This will increase the financial strength of the HRA during the main building phases of its development programme, as well as increasing resilience in the face of a highly volatile economic environment, with high levels of cost inflation, labour and materials shortages, and interest rate increases. The long-term objective for the HRA reserve is for it to be maintained at a minimum of 10% of turnover from Year 6 onwards. This means it never drops below £15m over the life of the business plan.

9. HRA Capital and Stock Investment Plan

9.1 The HRA capital programme will see £794.51m of capital expenditure committed over the next five years (2023/24 – 2027/28) on the development of new build affordable housing, the regeneration of estates, and on maintaining the condition of existing housing stock. The HRA will finance this programme using a variety of funding sources and will always ensure that the most appropriate financing option is used to support scheme viability and generate value for money for the revenue budget (which means reducing borrowing wherever possible). The following sections set out the major categories of spend within the capital programme and details some of the projects and schemes within these categories. A full schedule of the whole capital programme can be found at Appendix 5. **Section 10** sets out in more detail the financing of the capital programme.

9.2 Planned Maintenance Programme (£1.597bn)

The 2023/24 HRA Business Plan includes capital investment in existing stock totalling £60.80m. The business plan projects a total of £1.597bn to be invested in maintaining and improving existing HRA stock over the next 30 years.

This programme, and the associated budgetary requirement, is built using substantial supporting data taken from a rolling 3-year stock condition survey. This is further informed by overlaying analysis of the number and location of repairs being generated, insurance claims, legislative changes (e.g., building and fire safety), and complaints. This information is fed into the asset management database to assess priorities and determine the annual capital programme requirement.

It should be noted that elements of the planned maintenance programmes include works to leaseholder properties, and the costs reflected below represent the gross costs. Leaseholders will be consulted and billed in accordance with their lease for contributions they are required to make towards qualifying works.

Table 2 – HRA Planned Maintenance

HRA BP Year >>	1	2	3	4	5	6-30	TOTAL
Scheme Name	2023/24	2024/25	2025/26	2026/27	2027/28	28/29 to 52/53	
	£000	£000	£000	£000	£000	£000	£000
Voids and Aids & Adaptations	5,700	5,700	5,700	5,700	5,700	128,900	157,400
Electrical & Mechanical Services	2,757	2,728	2,773	2,627	2,460	58,120	71,465
Major Works	31,384	30,527	32,906	35,296	36,472	393,150	559,735
Health & Safety (incl. Fire Safety)	3,448	2,424	2,132	1,360	1,360	26,400	37,124
Asset Mngt & Minor Works	2,705	2,595	2,595	2,400	2,100	34,900	47,295
Domestic Heating & Hot Water	1,030	1,030	1,030	900	900	18,400	23,290
Lifts	2,613	2,613	2,613	2,613	1,835	40,780	53,067
Climate Works (Retrofit)	5,000	10,000	10,000	10,000	10,000	167,188	212,188
PDHU	4,441	3,166	1,605	1,205	405	0	10,822
Inflation Allowances	1,718	4,031	5,990	7,743	9,133	396,030	424,646
Planned Maintenance TOTAL	60,796	64,814	67,344	69,844	70,365	1,263,868	1,597,032

A short summary of each element of the planned maintenance capital programme is provided below.

- 9.2.1 **Voids and Aids & Adaptations (£157.400m)** – this is a demand led budget, with £3.9m earmarked annually for the refurbishment of voids and £1.8m provided for adapting properties to meet the accessibility needs of residents (including grab rails, converting bathrooms into wet rooms, baths into showers, installing stair lifts, etc).
- 9.2.2 **Electrical & Mechanical Services (£71.465m)** – this budget covers the renewal of estate lighting, door entry systems, communal boilers, lateral mains, and lightning conductors.
- 9.2.3 **Major Works (£559.735m)** – the major works programme is derived from the asset management database which records the useful economic life of each building component across the HRA stock portfolio, and therefore schedules the replacement requirements for each (including roofs, windows, communal decorations, etc).
- 9.2.4 **Health & Safety (£37.124m)** – Fire Risk Assessments (FRA) are periodically completed for all buildings that are more than 6 storeys (with frequency dependant on the risk associated with each building). The actions emanating from these are placed into a programme of works, which includes things such as the renewal of fire doors, installation of sprinkler systems, etc. Ultimately, this budget helps to ensure that the Council is compliant with the requirements of the Building Safety Act.

- 9.2.5 **Asset Management & Minor Works (£47.295m)** – Damp and condensation are critical issues for aging housing stock and are a specific focus of improvement works at Westminster. The installation of internal wall insulation, secondary or double glazing and cavity wall insulation assists in tackling these issues and contributes towards the Council's drive to reduce carbon emissions.
- 9.2.6 **Domestic Heating & Hot Water (£23.290m)** – This budget delivers the domestic boiler replacement programme. Westminster has 6,566 domestic boilers, which are replaced with low energy boilers Grade A+ on a rolling 15-year cycle.
- 9.2.7 **Lifts (£53.067m)** – This budget covers the management of Westminster's 363 lifts in high rise blocks, with a planned programme of renewal and refurbishment.
- 9.2.8 **Climate Works (£212.188m)** – The Council has set itself a challenging target to become a carbon neutral council by 2030. Achieving this requires major investment to retrofit its housing assets and upgrade its communal heating systems. The overall budget for the Climate Action Plan remains £218m (with some spend incurred in 2022/23). This includes an ambitious assumption that 50% of this can be funded from external grants (although the government continues to release grants on a piecemeal basis).
- 9.2.9 **PDHU (£10.822m)** – The Council is committed to decarbonising the Pimlico District Heating Undertaking (PDHU), which is the Council's largest district heat network and largest emitter of carbon. A Strategic Outline Case (SOC) was approved in January 2023 to take forward the development of four options for the future of the PDHU. The development of these options will consider a range of factors, including carbon reduction, household energy costs and levels of disruption to residents and the wider area. This is expected to require significant capital investment in the region of £175-225m. The phasing of works and expenditure is not yet determined but is likely to be spread over several years in the run up to meeting the carbon neutral target of 2030. Funding for the full scheme is also yet to be finalised, but will likely be a mixture of government grant, leaseholder contributions and Council funding as the main sources of finance. The current budget only includes a minor allowance to support emergency network upgrades to the PDHU network at Lillington & Longmoore (which would form part of any future upgrade scheme anyway) as well as progression of the wider business case.
- 9.2.10 **Inflation Allowances (£424.646m)** – The Planned Maintenance programme includes an inflation provision to ensure that budgets remain fit for purpose to deliver the investment in existing homes required over the life of the 30-year business plan. These allowances also provide uplifts to support additional maintenance costs generated by new units as the size of the HRA portfolio grows.

9.3 Development & Regeneration Programme (£761.62m)

Table 3 – Development & Regeneration Programme

HRA BP Year >>	1	2	3	4	5	6-30	TOTAL
Scheme Name	2023/24	2024/25	2025/26	2026/27	2027/28	28/29 to 52/53	
	£000	£000	£000	£000	£000	£000	£000
Ashbridge	1,674	0	0	0	0	0	1,674
Ashmill	177	0	0	0	0	0	177
Cosway	3,452	0	0	0	0	0	3,452
Carlton Dene	4,546	20,589	28,119	0	0	0	53,254
Queens Park Court	6,500	5,095	0	0	0	0	11,595
Lisson Arches	3,237	0	0	0	0	0	3,237
Parsons North	168	454	0	0	0	0	622
Ebury Acquisitions & Decants	4,590	11,043	0	0	0	0	15,633
Ebury - Phase 1	35,000	29,739	8,894	177	23	0	73,833
Ebury - Phase 2	2,000	58,873	1,025	2,107	62,897	30,372	157,274
Pimlico (Churchill Gdns)	1,939	10,537	16,152	0	0	0	28,628
Infills	11,907	7,639	150	150	0	0	19,846
Church St Acquisitions	4,700	17,132	0	0	0	83,439	105,271
Church St - Site A	1,174	34,675	14,893	164	4,729	30,982	86,617
Church St - Site B	0	0	0	1,208	931	99,812	101,951
Church St - Site C	0	0	0	0	0	42,758	42,758
West End Gate	-35	0	0	0	0	0	-35
Lisson Grove	0	0	0	0	3,318	3,317	6,635
Paddington Green	1,537	3,690	5,843	0	0	0	11,070
300 Harrow Rd	1,958	0	0	0	0	0	1,958
Westmead	0	4,841	0	0	0	0	4,841
Cundy St Quarter	0	0	7,000	0	0	0	7,000
Contingency	2,789	6,742	2,709	126	2,373	9,592	24,331
Development & Regen TOTAL	87,314	211,049	84,785	3,932	74,271	300,272	761,622

9.3.1 The HRA Business Plan has been developed at a time of growing construction costs and expectations of an increasingly challenging residential market in central London. While the Council cannot control or influence these challenges, the plan is structured to minimise their impact on the Council’s programme and safeguard the planned delivery of affordable homes. For example, a detailed review of inflation risk was undertaken in 2022 and £50m has subsequently been diverted from the programme-wide contingency to keep the programme on track.

9.3.2 The programme remains under constant review, and each scheme is subject to a detailed viability assessment to ensure the Council is always delivering value for money. Each scheme has its own individual business case which is subject to a separate Cabinet Member decision. The business cases for each scheme contain stress tests to indicate the financial and delivery risks.

9.3.3 One such review was undertaken in 2022 with a view to maximising the level of truly affordable housing being delivered. Underpinned by the Fairer Westminster strategy, the Council challenged itself to go back to first principles and identify ways in which tenures could be flipped across the programme to deliver more affordable housing, with a particular focus on increasing the number of homes for social rent. This highly successful initiative has identified 318 extra homes for social rent (across a range of schemes) and hopes to secure an additional £60m of GLA funding to support their delivery. The total number of homes for social rent being delivered by the programme as a whole from 2023/24 onwards is close to 1,400.

9.3.4 Further details of some of the prominent schemes within the Development & Regeneration programme are provided below.

9.3.5 **Carlton Dene (£53.254m)**

This scheme involves the redevelopment of an existing 42 bed care home in Maida Vale into a modern extra care housing development which will deliver 65 self-contained extra care flats for older people. Extra care homes are designed to meet the needs of people of retirement age, making sure people are safe and supported whilst also maintaining independence. The scheme also incorporates the redevelopment of Peebles House into 22 affordable apartments. This includes a range of unit sizes, including one-, two- and three-bedroom homes.

The delivery route for this development has now been confirmed as self-delivery of the consented scheme. Demolition procurement is complete, and work is underway to discharge all planning conditions to allow works to start by March 2023 (which is required to claim agreed GLA and Department of Health funding). This scheme won the Housing Design Award 2022 under the HAPPI category.



9.3.6 Church Street (£336.597m)

Church Street is the most deprived area of Westminster and is the focus of much needed regeneration. This is highlighted within the Church Street Masterplan which seeks to deliver real change for the community by creating great places, opportunities for a healthy and prosperous lifestyle, new homes and more jobs.

Site A is the first to come forward and its redevelopment will contribute to the delivery of the Council's Fairer Westminster objectives by using a transparent process to provide a range of homes and creating opportunity for residents and businesses. The redevelopment will also provide significant improvements to the Church Street Market and public realm.

The Hybrid Planning Application for Church Street Sites A, B and C was submitted in November 2021. Since May 2022 the development team have been exploring changes to the design brief for Church Street Sites A, B and C. This has included an increase to the size of the new library facility within Site A, and also increasing the provision of a greater number of homes for social rent. Amendments to the hybrid planning application for Church Street Sites A, B and C were submitted in January 2023 with a targeted committee date of March 2023.

A positive outcome from the recent resident ballot has also been confirmed, with over 70% voting in favour of the proposed development. This unlocks significant levels of potential GLA funding, subject to meeting funding parameters and the submission of the bid (which is underway). This additional funding has been fundamental in helping the scheme to release more homes for social rent.



9.3.7 Lisson Arches (£6.635m)

The Lisson Arches site is adjacent to disused railway arches within the Church Street ward. This development will provide 60 sheltered accommodation units as well as enterprise space.

An extensive enabling works package was completed in August 2020, and United Living are now on site progressing the construction of the new building, which is expected to complete in Summer 2023.

Of the total number of social housing units being delivered, 45 will provide replacement homes for the units that are earmarked for demolition at Penn House, a nearby sheltered accommodation block. The remainder will provide additional decant space for the wider Church Street Programme.



9.3.8 Ebury Bridge (£246.740m)

Ebury Bridge is a wholesale estate regeneration scheme with full demolition and re-provision. The scheme will deliver 781 new mixed tenure homes, with high quality public realm along with community and social infrastructure. Outline planning consent for the entire scheme and detailed planning consent for Phase 1 was achieved in 2021 and the main works contractor, Bougues UK (BYUK), commenced delivery of Phase 1 in November 2021. Construction is progressing in accordance with the programme and completion is currently scheduled for 2024.

WCC has committed to self-delivering Phase 1 which comprises of 226 new homes. This phase will largely enable the Council to meet the re-housing requirements for future phases of development. In 2022, proposals for tenure changes been put forward, which, subject to commercial review and planning changes will see an increase in the provision of social rent homes.

The design of Phase 2 is also progressing well, with tenure change amendments and learning from Phase 1 being incorporated into the delivery proposals. The design is being reviewed in line with anticipated Building Safety amendments. A

refreshed OBC, scheme viability and the recommended delivery strategy for Phase 2 are in progress and likely to be submitted for approval in the second quarter of 2023.

Preparations for the resident ballot in February 2023 are well progressed. A positive ballot result will secure GLA grant funding of c.£40m across both phases and will enable the delivery of more social housing on the scheme.



9.3.9 Churchill Gardens (£28.628m)

This scheme involves the redevelopment of Darwin House on the Churchill Gardens estate to provide 34 modern community supported homes (including a warden's flat) and 18 homes for intermediate rent. The community homes will be designed according to high sustainability and HAPPI (Housing our Ageing Population Panel for Innovation) principles to ensure that they meet the needs of residents.

An Advanced Works Instruction has been issued enabling works to progress on site whilst the Full Business Case and associated Cabinet Member Report are produced, with construction due to start in Spring 2023.



9.3.10 Infill Programme (£19.846m)

The Infill Programme identifies development opportunities within the existing estate that can be brought forward for, predominantly, new affordable housing. These include conversion of disused space such as basements, drying rooms and storage sheds and new build opportunities on underutilised garage sites, car parks and vacant land adjacent to estates. Most schemes within this programme have achieved planning and are now either in the construction stage or have completed. This programme is set to deliver just under 90 social rent homes.



9.4 Disposal of Social Rent Properties

One of the fundamental changes to the HRA capital programme from 2023/24 onwards is the removal of the Self-Financing scheme. The Council has committed to ceasing the disposal of social rent units as part of its Fairer Westminster strategy in order to protect Westminster's existing social housing stock and support the retention of mixed communities.

This scheme was designed to sell units that met certain disposal criteria and then replace them by recycling the sales receipts towards the purchase new stock. The

Council remains interested in continuing the acquisition of units to provide additional housing for social rent but there is currently no funding available within the constraints of the business plan (in the absence of the capital receipts that were previously being generated by disposals or additional off-site contributions to the Affordable Housing Fund above the levels required to meet the existing commitments outlined in 10.6). In the short-term it intends to focus its acquisition strategy on Temporary Accommodation, which is funded by the General Fund.

The disposals programme also generated £45m of funding that was used to support new build activity. The other effect of the decision to cease disposals is that this projected funding will no longer be available to the Development programme. The council is seeking other sources of income but, in the interim, the borrowing requirement in the refreshed business plan has been increased to cover the gap.

10. Capital Programme Funding

- 10.1 The HRA business plan utilises multiple sources of finance to deliver the capital programme and aims to adopt the optimal funding approach in any given year. This ensures that both individual schemes are viable and value for money is achieved for the HRA.
- 10.2 The HRA business plan encompasses a robust strategic approach to capital financing that considers a range of prudential factors. The key consideration, ultimately, is the ability of the HRA revenue budget to cover the cost of servicing additional borrowing (i.e., interest costs). Capital financing costs constitute approximately 13% of the total income generated from rents and therefore represent a significant element of the revenue budget. Whilst there is no requirement for the HRA to set a Minimum Revenue Provision (MRP), as is the case for the General Fund, it is important that the HRA provides an appropriate level of interest cover to ensure that the level of borrowing it commits to is sustainable. The plan aims to ensure that the interest cover ratio never drops below 1.20, which effectively means that the revenue budget is always able to absorb the impact of a 20% swing in borrowing costs.
- 10.3 Whilst the HRA seeks to maximise the flexibility it has available to it in terms of making decisions on how best to apply available capital funding in any given year, the HRA business plan adopts a set of general principles on the most efficient approach to funding the capital programme. This involves utilising funding that has time and usage conditions first, with a set of prioritisation criteria then applied to other types of funding. Ultimately, borrowing is always the last option to finance investment given the financial implications this has (as noted above).
- 10.4 The various HRA financing options detailed in this chart are explained in further detail below.

10.5 **Conditional Grants** – Some grants that are awarded to the Council have conditions attached to them that stipulate how (and sometimes when) they must be used to ensure that the required outputs are delivered. For the HRA, this generally applies to grants awarded by the GLA (which is the most common source of grant funding for development schemes).

10.6 **Affordable Housing Fund (AHF)** – Payments received from developers on planning schemes in lieu of affordable housing obligations are held in the Council's Affordable Housing Fund. These funds are available to be used by the Council to invest in the delivery of affordable housing across the City, either through Council-led developments (including estate regeneration) or in partnership with housing associations.

The Council held an AHF balance of £146.3m as of 1st April 2022. From 2023/24, AHF funding will be entirely applied to schemes on the HRA capital programme to maximise the delivery of social housing. The existing balance is already committed in its entirety, and a further £45m is projected over the next 5 years to meet the total AHF requirement to fund the HRA capital programme (which totals £185m from 2022/23 onwards). Future AHF receipts are dependent upon new planning applications, for which changes to the Council's planning rules have seen a significant drop-off in the number of schemes involving an AHF contribution (due to developers being obliged to provide affordable housing directly), but the projections built into the business plan are considered prudent.

10.7 **Community Infrastructure Levy (CIL)** – Developers are required to make CIL contributions as part of the planning requirements for most schemes. The Council is only able to apply CIL to fund clearly defined activities within its overall capital programme. An exercise has been undertaken to maximise the amount of CIL that can be applied within the HRA capital programme, with an additional £15m added to the business plan. The most obvious qualifying expenditure is the public realm elements of the major regeneration schemes but works on the PDHU (as energy infrastructure) and the provision of community assets elsewhere have also been captured.

10.8 **Capital Receipts** – The HRA generates capital receipts for transfers of land or disposal of property which can be recycled to finance the capital programme. Many development schemes also use receipts from the sale of private units to subsidise the delivery of affordable housing. These receipts represent a significant proportion of projected capital financing for the HRA. However, there are risks attached to any assumptions about capital receipts. Any variance in their value or timing may impact on the HRA's ability to finance capital spend and could ultimately lead to a need for increased levels of borrowing. Scheme viabilities are always prepared from the outset using conservative estimates on property values, which is critical in the

current housing market. Valuations are subsequently undertaken throughout the development process to monitor any fluctuations in value and allow mitigating action to be sought if required.

10.9 **Right to Buy Receipts** – Secure tenants within the HRA have the “Right to Buy” their home. The purchase price is discounted but generates a capital receipt for the HRA. This receipt must be partially used to fund the delivery of a replacement affordable home under the terms of the “one-for-one” agreement held with DLUHC. The rules previously required receipts to be applied within three years (with unspent receipts returned to the Treasury) but this timeframe was recently extended by a further two years.

10.10 **Major Repairs Allowance and Leaseholder Contributions** – The HRA is required to set aside a statutory minimum level of revenue funding for capital, known as the Major Repairs Allowance (MRA). This must be committed to the upkeep of the existing housing stock and is therefore allocated to fund the Planned Maintenance programme. The level of the MRA contribution must be equivalent to the depreciation calculation for HRA stock. This ensures that a minimum level of investment is made in the existing stock to keep assets fit-for-purpose.

Traditionally, the HRA at Westminster has opted to include a £2m discretionary top-up to the MRA to fund the Planned Maintenance programme, which was designed to reduce borrowing given the programme has always been much larger than the statutory level of MRA. However, the funding shortfall created by the rent cap in 2023/24 means that this has necessarily been removed in the revised business plan to balance the revenue position. This has no discernible impact on the capital programme other than to increase borrowing by a modest amount (whilst also creating extra headroom in the revenue budget to cover that borrowing).

10.11 **Leaseholder Contributions** – Major Works are delivered across the Housing portfolio meaning that many of the residents that benefit from this investment will be leaseholders. They are required to contribute towards the funding of capital works. Contributions from leaseholders therefore help to finance the Planned Maintenance programme. These funds are held separately and ringfenced towards the specific works to which they relate.

10.12 **Borrowing** – Any capital expenditure not covered through any of the funding routes noted above will require borrowing. In broad terms, all additional borrowing is undertaken with a consideration of the financial return for the HRA. This might be in terms of extending the life of existing HRA stock to safeguard future rents, or to help finance new build schemes which will effectively increase stock numbers and grow the HRA bottom line through the generation of additional rental income.

As noted above, the level of borrowing that the HRA can commit to is one of the main considerations when assessing the viability of the HRA business plan. The

HRA is projected to borrow £462.89m over the course of the revised 30-year plan (equating to £479.49m if 2022/23 is included). This equates to almost 20% of the entire HRA capital programme and represents a £51m increase on the level of borrowing included in the previous iteration of the business plan. Nonetheless, this level of borrowing can be supported by the revenue budget with an appropriate level of resilience (see below).

10.13 Capital Programme – Financial Overview

The table below summarises the overall expenditure and financing position for the HRA Capital Programme.

Table 4 – Capital Programme Financing Plan

HRA BP Year >>	1	2	3	4	5	6-30	TOTAL
	2023/24	2024/25	2025/26	2026/27	2027/28	28/29 to 52/53	
	£000	£000	£000	£000	£000	£000	£000
Planned Maintenance	60,796	64,814	67,344	69,844	70,365	1,263,868	1,597,032
Development and Regeneration	87,314	211,049	84,785	3,932	74,271	300,272	761,622
TOTAL HRA Capital Programme	148,110	275,864	152,129	73,776	144,636	1,564,141	2,358,655
Funded by:							
Government Grant	27,983	3,112	9,380	2,067	0	4,172	46,713
Affordable Housing Fund (AHF)	28,660	64,535	12,923	0	0	33,353	139,472
Capital Receipts	60,200	81,373	49,206	32,887	0	0	223,666
Community Infrastructure Levy (CIL)	4,441	11,719	1,605	1,205	405	36,228	55,603
Right-to-Buy Receipts	1,543	2,016	3,573	4,080	4,227	163,247	178,685
Climate Grants	2,500	5,000	5,000	5,000	5,000	81,500	104,000
Leaseholder Contributions	11,259	11,010	11,859	12,411	12,640	206,865	266,044
Major Repairs Allowance (MRA)	11,525	32,652	24,124	16,126	34,041	703,558	822,025
Revenue Contribution to Capital	0	7,292	5,638	0	5,305	41,328	59,562
New Borrowing	0	57,156	28,821	0	83,018	293,891	462,885
HRA FUNDING TOTAL	148,110	275,864	152,129	73,776	144,636	1,564,141	2,358,655

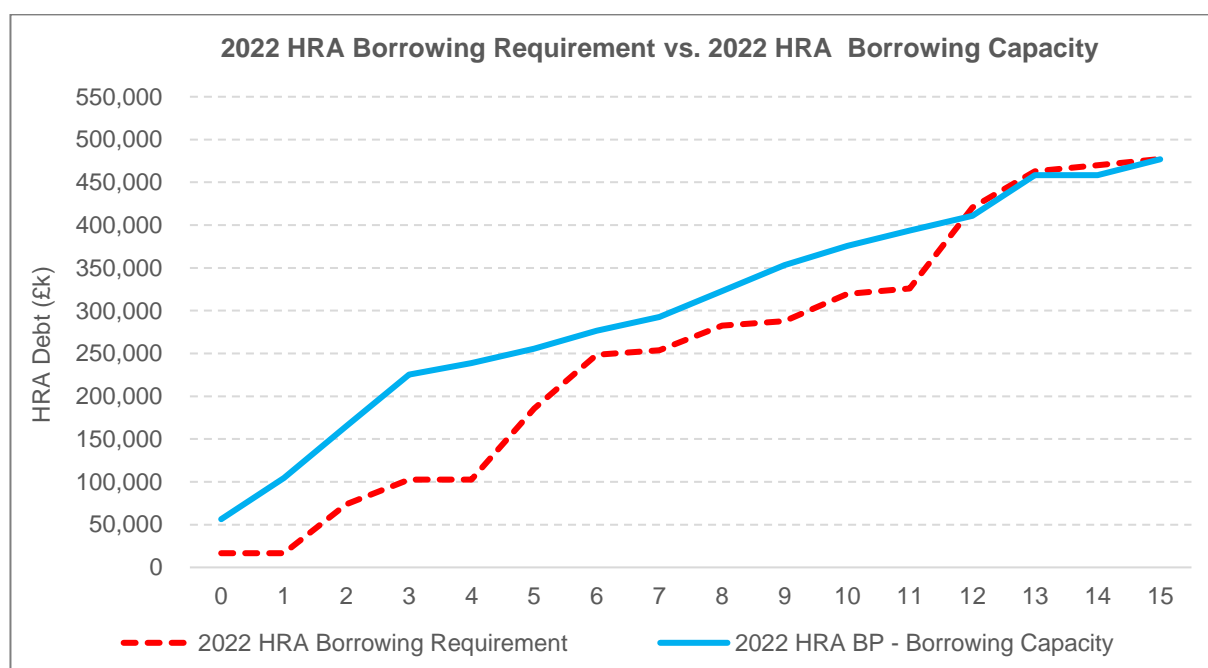
10.14 The opening debt balance for the HRA as of 1st April 2022 was £325.83m. Based on the future borrowing requirements built into the proposed HRA capital programme, HRA debt is projected to peak at £805.32m by 2038/39. This debt is ultimately supported by the £1.6bn of assets held in the HRA (and underpinned by the income generating potential that these assets hold).

10.15 No new borrowing is projected in 2023/24 due to excess external funding. This reduces the growth required within the HRA revenue budget and leaves it needing to manage a total capital financing cost of £11.66m. New borrowing is assumed to come with a 2.6% cost of finance based on the use of forward borrowing deals that has secured £400m of financing at preferential rates. It is forecast that interest rates

in the future will fall from the currently higher rates as inflation falls and therefore it is prudent to assume 2.6% over the longer term. This will be reviewed annually.

10.16 Even though the HRA no longer has a formal debt cap, borrowing is still constrained by the ability of the HRA revenue budget to cover the cost of borrowing (i.e., interest costs). As part of the business planning work, an assessment is made of the maximum borrowing capacity that the HRA has over the next 15 years (which covers the bulk of the Housing Investment Plan). Chart 1 shows that the £479m that is now required from 2022/23 onwards is right at the limit of what the HRA can support. Whilst the business plan has reasonable levels of borrowing headroom over the first 11 years, the borrowing requirement hits the borrowing capacity from Year 12 onwards which acts as a constraint on any further borrowing over the course of the preceding period.

Chart 1 – HRA Borrowing Requirement vs. HRA Borrowing Capacity



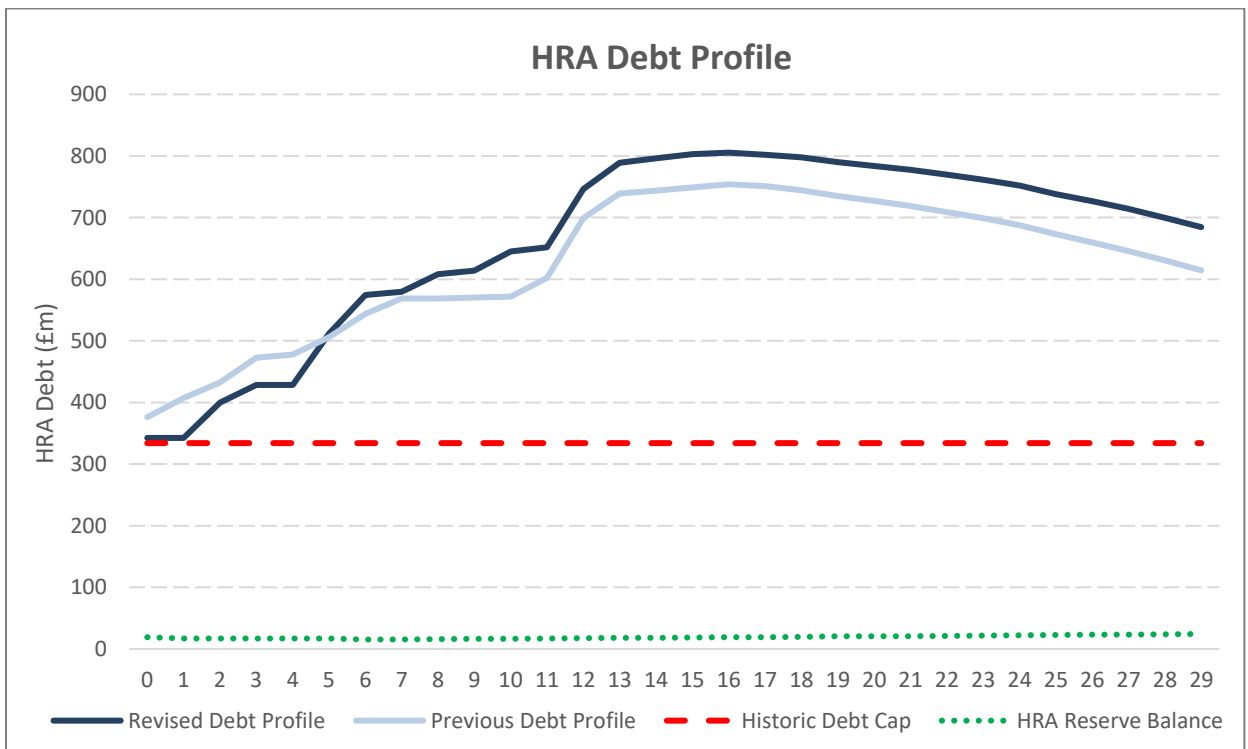
10.17 The HRA is projected to generate surpluses over the second half of the business plan, largely because the Development capital programme does not extend beyond the first 15 years. It is assumed that these surpluses will be available to pay down debt, and therefore help to manage the capital financing burden placed on the HRA revenue budget (which grows to £23.51m per annum once the HRA hits its peak debt level in 2038/39). The total value of the available surpluses in the business plan is £118.13m. There is no requirement for the HRA to pay down debt, and this approach is subject to the ability to re-finance within the various debt instruments used. If debt cannot be re-paid surpluses would go into the HRA reserve and the revenue budget would have to continue to cover interest costs at the peak level.

10.18 Chart 2 shows the revised HRA debt profile (the darker line) versus the previous iteration of the HRA business plan (the lighter line) which demonstrates the higher levels of debt required in the updated business plan. This profile assumes that surpluses in the second half of the plan would be used to pay down debt, and that the HRA reserve (the dotted line) would be maintained at the proposed minimum.

10.19 The lines on the chart represent the following:

- **Current Projected Debt (dark line)** - Borrowing rises from the current level of £325.83m (as at 1st April 2022) and peaks in 2038/39 at £805.32m based on the borrowing need within the revised HRA business plan. The lighter line shows the equivalent profile from the previous iteration of the business plan and demonstrates a greater level of borrowing in this iteration of the plan
- **HRA Reserve Balance (dotted line)** - The HRA business plan seeks to maintain a minimum reserve balance of £17m over the first 5 years and no less than 10% of turnover from Year 6 onwards, which works out at no less than £15m over the life of the plan (see **Section 11**). If the HRA was unable to pay down debt (which is assumed within the downward trajectory of the blue line from Year 16) the reserve balance would increase accordingly
- **Debt Cap (dashed line)** – This represents the debt cap previously imposed on the Westminster HRA (£334m) and demonstrates the increased borrowing flexibility generated by the business plan (that is being used to drive growth)

Chart 2 – HRA Debt Profile



11. HRA Reserve Position

- 11.1 The opening balance on the HRA reserve at the start of the 2022/23 financial year was £19.3m. This reserve balance is primarily designed to help the HRA to cover in-year risks but may also be used to support one-off projects and investment opportunities that might drive efficiencies and/or delivery of a better service to residents of the Council.
- 11.2 As a means of managing financial risk, it should be noted that the HRA reserve is finite and is therefore only suitable for covering one-off shocks or helping to mitigate more permanent financial issues over a short period of time (while alternative solutions are sought). Reserve levels are therefore considered in conjunction with an assessment of the level of interest cover required within the revenue budget, which provides a more structural level of contingency which is better suited to managing the impact of significant shifts in business plan assumptions over a longer period.
- 11.3 The table below presents the projected approach to managing the HRA reserve over the next 5 years. This demonstrates the strategic intention to maintain the reserve at a level of £17m over this period (which was set in the previous iteration of the business plan) to provide cover against economic volatility being experienced both nationally and more specifically within the housing sector. The reserve position will be reviewed on an annual basis in line with the overall HRA business plan.

Table 5 – Medium-Term Reserve Projection

	1	2	3	4	5
	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Opening Balance	19.300	17.240	17.000	17.000	17.000
Planned Contribution/(Drawdown)	(2.060)	(0.240)	0.000	0.000	0.000
Proposed Reserve Balance	17.240	17.000	17.000	17.000	17.000
Proposed Reserve as a % of HRA Turnover	14%	12%	12%	12%	11%

- 11.4 What the table indicates is that the surplus of £2.3m that resides in the HRA reserve (above the minimum requirement of £17m stipulated in the business plan) will be used to support the strategic initiatives outlined in **Section 8**. This includes the 18-month expansion of housing officers (£0.600m), the increase in stock condition surveys in 2023/24 (£0.600m) and the earmarked Rent Support Fund (£1.010m).

12. Risk Management

- 12.1 This report underlines the strategic intention within the HRA to maximise investment in both existing stock (including energy efficiency improvements) and the delivery of new homes across the city. This objective requires the HRA to commit to an

increased level of borrowing over the next 30 years. This means that the HRA Business Plan is effectively at the limit of its borrowing capacity overall (see Chart 1 above) in terms of being able to cover the cost of interest within its revenue budget. Clearly the consequence of this is a reduction in the ability of the HRA to absorb or manage the financial impact of unforeseen risks that may materialise over the course of the plan (some of which have been identified in Appendix 5).

- 12.2 The HRA Business Plan is built on a series of assumptions about the expected future impact of several variables (including inflation, rent increases, interest rates, etc). The first aspect of risk management within the HRA is to ensure that the assumptions built into the plan are as prudent as possible. This helps to ensure that the plan is viable in the face of a relatively conservative outlook. An overview of key assumptions is included at Appendix 1. The primary area in which prudence has been exercised is on future rent assumptions, which have been held at CPI from 2025/26 onwards. A more favourable settlement within any future rent policy would therefore create headroom within the HRA business plan and therefore increase flexibility in terms of its ability to absorb risk.
- 12.3 The second aspect of the risk management approach is to actively build financial cover into the business plan that would allow the HRA to absorb the impact of any adverse movement on key assumptions or the emergence of any more general unforeseen risks. These measures allow the HRA to manage the impact of emerging risks without necessarily having to compromise on either service delivery or the level of capital ambition. The refreshed business plan does this in 4 key areas:
- a) **HRA Reserve** – this has been maintained at £17m over the first five years of the plan to manage medium-term financial volatility driven by inflation. It never drops below 10% of turnover from year 6 onwards and the approach will be reviewed annually. The reserve represents the ultimate backstop in managing financial risk, with its finite nature meaning that it can only help to manage one-off shocks or cover on-going pressures for a limited period of time.
 - b) **Revenue Interest Cover** – the refreshed business plan ensures that the minimum ratio of interest cover in the revenue budget is 1.20. This is achieved through the inclusion of a flexible revenue contribution to capital (set at £2.69m in 2023/24). This primarily helps to reduce additional borrowing over the life of the plan, but it also provides significant manoeuvrability to manage financial risk. It can be diverted to cover revenue pressures if required, and unlike the HRA reserve can actually be used to permanently adjust the revenue budget and cover pressures that are on-going. If risks emerge on the capital programme, it can also be diverted to provide additional borrowing capacity. The £2.69m included in 2023/24 could support additional borrowing of c.£100m if it was all used to cover interest.

- c) **Capital Contingency** – a programme-wide capital contingency of 3.3% is included in the business plan for the Development and Regeneration programme (which is additional to any contingencies that are included within the viabilities for individual schemes). This is factored into the projected borrowing requirement and ensures that the plan can absorb the impact of unforeseen costs or specification changes, price inflation on schemes not yet in contract, or reduced capital receipts from unit sales. This means that the HRA can cover some of the inherent risks of a development programme without any impact on its overall viability over 30 years. Whilst the revenue interest cover noted above can also help to mitigate capital risk, if required, it is primarily seen as a means of managing revenue risk and the capital contingency would therefore be the first port of call for any cost increase on the capital programme. This represents a reduction on the 10% level that was held in the previous version of the business plan which demonstrates the importance of holding this contingency in the first place to keep the programme on track during a period of extreme exposure to inflation, which is what this has been utilised for in this plan.

- d) **Planned Maintenance Inflation** – the Planned Maintenance programme represents a rolling programme of works to improve the condition of existing stock. It is set based on information in the asset management database which uses today's prices. The business plan therefore models a level of inflation on the capital budgets to reflect the fact that a boiler replacement will be more expensive in 15 years' time, for example. Again, this is built into the projected borrowing requirement and ensures that planned maintenance requirements have a level of insulation against the impact of inflation within the plan.

12.4 The measures covered above demonstrate that the HRA Business Plan has been prepared with careful consideration of how best to provide resilience against financial risk without compromising the ability of the HRA to deliver its strategic objectives. If the financial shocks to the HRA were very extreme, there are some final risk management measures available to ensure that the HRA remains viable in a worst-case scenario. These can be summarised as follows:

- a) **Re-Profiling** – not all expenditure on the Development programme is fully committed. This provides an opportunity to re-profile by extending or delaying the delivery of certain schemes to meet revised affordability parameters. This does expose the Council to contract price inflation but remains an option.

- b) **Reduce Planned Maintenance Schedule** – whilst the HRA is required to make a minimum investment in existing stock and many contracts have a minimum annual spend requirement, the current investment plan is higher than both and could be revised to manage affordability concerns. This is likely to have a knock-on impact on stock condition and increase the volume/cost of revenue repairs.

- c) **Dispose of HRA Assets** – a more aggressive assessment of which assets are surplus to requirements could generate increased capital receipts to help fund the capital programme.
- d) **Rent Policy** – the average rent is currently lower than the maximum formula rent allowable. Although annual rent increases are capped, there are options available to the Council to allow it to converge towards the maximum.

12.5 The three stages of risk management covered above demonstrate how the HRA might manage and mitigate financial risk. A key aspect of the approach to risk management is also how risks are identified and captured in the first place. Clearly, the Council’s annual budget monitoring and reporting processes are a key aspect of this. This helps to capture in-year risks within the outturn forecast, but the HRA Business Plan is also regularly reviewed in tandem with this process as new information emerges (and is not a one-off exercise undertaken annually). This allows the impact of emerging risks to be fully understood in the context of the whole business plan, and sensitivity analysis to be undertaken to assess how the HRA might manage these risks over the medium- to long-term. Furthermore, the service holds a risk register that is regularly reviewed and updated by the Housing management team.

13. Sensitivity Analysis

13.1 A summary of the sensitivity analysis referenced in **Section 12** is outlined below. This is designed to stress test the HRA Business Plan and identify the limits to which the plan could be pushed (in terms of risks crystallizing) before it would become unsustainable and therefore require more drastic risk mitigation measures to be implemented (as outlined in paragraph 12.4 above).

13.2 It is important to note that the sensitivity analysis undertaken takes each risk scenario in isolation (and pushes that particular risk to the limit of sustainability within the business plan). In reality, risks are not mutually exclusive and one or more of them could easily occur simultaneously. Clearly the combination of multiple risks will have a bigger impact on the HRA and reduce the indicative limits outlined in Table 6. However, what the sensitivity analysis demonstrates is that short-term risks and shocks can be managed, but this does reduce HRA resources over the longer term and this may impact its ability to deliver services or investment plans.

Table 6 – HRA Sensitivity Analysis

Test	HRA BP Failure Point	Comments
Rent limits	<5% rent cap in 2024/25	<ul style="list-style-type: none"> ▪ The HRA BP could just withstand a 5% rent cap in 2024/25 (equivalent to 1% below inflation)

<p>Increased interest rates</p>	<p>>4% average interest rate (over first 5 years)</p>	<ul style="list-style-type: none"> ▪ 39% of all new borrowing is over the first 5 years of the plan ▪ The HRA BP could tolerate an average interest rate of 4% on new debt over that 5-year period and remain viable ▪ It could tolerate an average interest rate of 5% over the same period but would need to draw down £4m from reserves in Years 14 to 17 (taking the reserve below the minimum level for this short period)
<p>Capital programme inflation</p>	<p>Planned Maintenance - >8.5% (over first 3 years)</p> <p>Development – >7% inflation (on existing cost estimates)</p>	<ul style="list-style-type: none"> ▪ The HRA BP could tolerate an extra 8.5% of inflation (over and above existing estimates) on the Planned Maintenance programme and remain viable ▪ Just under half of the Development programme is considered to be exposed to inflation (i.e. not in contract). The programme contingency could support a further 7% of cost inflation on these schemes ▪ The HRA BP could tolerate both scenarios above simultaneously (and, by definition, a worse outcome on one where the other is more favourable)

14. Financial Implications

The financial implications are set out in the main body of this report.

15. Legal Implications

14.1 The expenditure referred to in this report will be spent pursuant to the Council's powers and duties as set out below. The Council has a duty to disclose information as set out in The Housing Revenue Account (Accounting Practices) Directions 2016.

14.2 The provision of housing accommodation is set out in Part II of the Housing Act 1985. Statutory requirements regarding keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989 ("Act"). The provisions include a duty, under Section 76 of the Act, to budget to prevent a debit balance on the HRA and to implement and review the budget. The Act places a duty on local housing authorities to: (i) to produce and make available for public inspection, an annual budget for their HRA, which avoids a deficit; (ii) to review and if necessary, revise that budget from time to time and (iii) to take all reasonably practical steps to avoid an end of year deficit.

- 14.3 On 10 November 2020 MHCLG published [guidance on the operation of the Housing Revenue Account ring-fence](#). This guidance updates and replaces Circular 8/95 published by the former Department of the Environment (DoE). It gives advice to local housing authorities in England on certain aspects of the HRA. This guidance restates ministers' established policy for the HRA and introduces no new issues of principle. However, it does highlight the need to be fair to both tenants and council taxpayers and that there should be a fair and transparent apportionment of costs between the HRA and General Fund.
- 14.4 The Localism Act 2011 contains provisions relating to housing finance in Sections 167 to 175. These provisions introduced a new system of Council housing finance which ended the current Housing Revenue Account subsidy system in England and replaced it with self-financing arrangements. Section 171 of the Localism Act 2011 empowered the Secretary of State to make provision relating to the level of indebtedness in relation to local housing authorities in England which keep a Housing Revenue Account.
- 14.5 Under Regulation 12 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) local authorities are required to use Right To Buy capital receipts to pay the "poolable amount" to the Secretary of State, on a quarterly basis.
- 14.6 On 29th October 2018, the government confirmed that the HRA borrowing cap was abolished with immediate effect. As a result, local authorities with an HRA are no longer constrained by government controls over borrowing for housebuilding and are able to borrow against their expected rental income, in line with the Prudential Code. All borrowing within the HRA must be in line with the CIPFA Prudential Code.
- 14.7 The basis for setting rent stems from Section 24 of the Housing Act 1985 which provides that a local authority must make such reasonable charges as they determine for the tenancy occupation of their houses. This report deals with other legislative provisions which are expected to influence the Housing Investment Strategy such as the social rent reduction introduced by Section 23 of the Welfare Reform and Work Act 2016 and changes to the social benefits system under Sections 8-17 of the Welfare Reform and Work Act 2016.
- 14.8 The Housing and Planning Act 2016 is also likely to affect the findings of subsequent reports and also the Council's regeneration initiatives. The relevant provisions include the imposition of a liability for local housing authorities which maintain a Housing Revenue Account to make payments to the Secretary of State based on the market value of any vacant higher value void properties which the local authority owns. Additionally, Chapter 6 and Schedule 7 the Housing and Planning Act 2016 seek to phase out secure tenancies as life interests and replace them with fixed

term secure tenancies thus potentially allowing for more flexibility in terms of stock management.

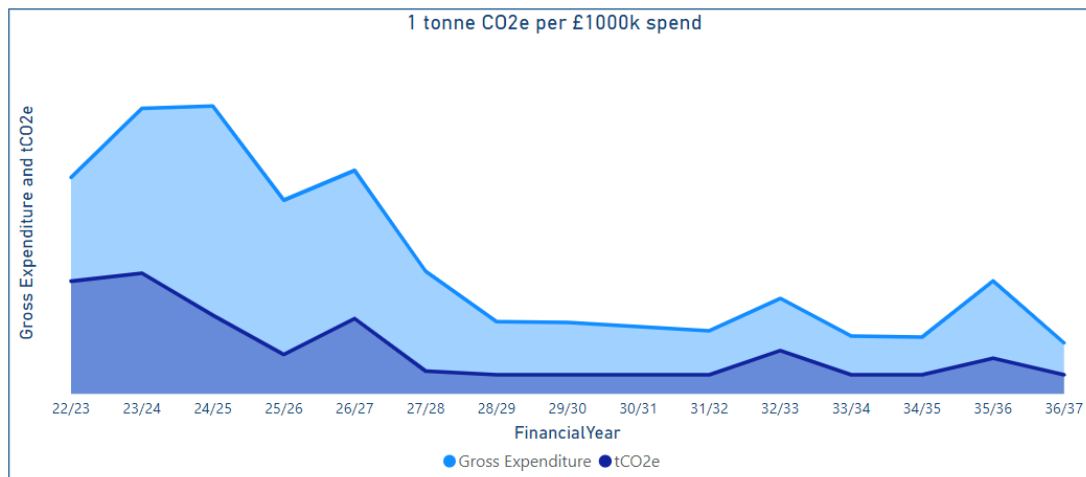
14.9 The Housing and Planning Act 2016 also contains provisions which have been implemented and may attract procedural changes in the way the Council progresses its regeneration projects. Such provisions include the amendments made to the planning regime under Part 6 and amendments to the compulsory purchase and appropriation procedures under Part 7.

14.10 It should be noted that as part of the HRA regeneration programme, if the Council wishes to dispose of land or property or provide financial assistance in connection with housing (which includes disposal to any Council owned company), consent of the Secretary of State may be required, unless such disposals fall within the General Disposal Consents of Section 32 of the Housing Act 1985.

15 Carbon Implications

15.1 The Council-wide Capital Programme (for which the HRA represents a large element) has a gross carbon footprint of 1.2m tonnes CO₂, over the course of its 15-year duration.

15.2 This is mapped to capital expenditure as follows:



15.3 The Council's current 2030 net zero target only includes Scope 1, Scope 2, and selected Scope 3 emissions, which are defined as follows:

- **Scope 1** covers direct emissions from owned or controlled sources. This is typically the combustion of gas for heating or fuel for use by vehicles in Westminster.
- **Scope 2** covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by Westminster. The

emissions are generated outside of Westminster, but the user is within the city, so the indirect emissions are attributed here.

- **Scope 3** includes all other indirect emissions that occur in Westminster's value chain, but that Westminster has no control over. This can include purchased goods, services, goods, waste and travel outside of the city.

15.4 A significant proportion of the capital programme carbon footprint is Scope 3 emissions. As such, the 2030 net zero strategy and the emissions we report publicly will not be significantly impacted by the capital programme.

15.5 Scope 3 emissions are extensive and complex to determine, which is why most scope 3 emissions are not currently included in the Council's emissions baseline and 2030 net zero target. This work helps the organisation to better understand our scope 3 emissions and begin to develop a clear picture of our scope 3 impact. It will enable more informed decision making and a better understanding of the carbon implications of capital schemes, allowing the development of a clear strategy to reduce or offset these. From this work, and in conjunction with external consultants, we will be able to set a scope 3 baseline and consider appropriate net zero targets that encompass scope 3.

15.6 The council has declared the Climate Emergency a key priority and set ambitious targets to achieve carbon neutrality for the council by 2030, across Westminster and our communities. Significant HRA initiatives include:

- Retrofit of Council homes - Reviewing the environmental credentials of our portfolio of HRA homes and delivering the retrofit scheme for which the business plan includes £218m of funding
- Building efficient new homes – Ensuring that the Development and Regeneration programme delivers high-specification new build housing schemes will be designed to reduce the Council's carbon impact
- Decarbonising the PDHU – Whilst the HRA business plan doesn't yet include the full investment plan for the future PDHU strategy, it provides funding to deliver emergency upgrades in the short-term and is supporting the development of the four options that are being progressed to an outline business case

16 Staffing Implications

16.1 There are no specific staffing implications attached to this report. The HRA business plan ensures there is sufficient revenue budget to cover the cost of the current structure of the Housing service.

17 Consultation

- 17.1 Development of the Business Plan and Housing Investment Plan has involved officers from within the Housing, Regeneration and Finance departments as well as input from the relevant Cabinet Members (as well as the Westminster Commission). Regard is made throughout to national and local housing policies and objectives which have informed the priorities for investment.
- 17.2 A key component of the housing regeneration programme is community engagement: officers and consultants have worked with local communities to develop plans for their neighbourhoods. Community engagement teams work on the ground with residents, visiting residents in their homes, staffing drop-in sessions and holding open days. Resident expectations are high, and the City Council is committed to an on-going programme of resident involvement as these schemes develop further. Consequently, consultations are undertaken at the appropriate stage on a given scheme basis rather than as a part of the Business Plan process.
- 17.3 The internal governance processes within the Housing, Development and Major Projects teams have been rigorously reviewed and focus now upon key project management skills and tolerance reporting. The creation of a Programme Management Office (PMO) during 2018/19 also adds to the monitoring of the significant programmes that are being funded by the HRA.

18 Equalities Implications

- 18.1 The Equality Act 2010 introduced a single public sector equality duty. This duty requires the Council to have due regard in its decision-making processes to the need to:
- a. Eliminate discrimination, harassment, victimisation or other prohibited conduct.
 - b. Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it, and.
 - c. Foster good relations between those who share a relevant characteristic and those that do not share it.
- 18.2 The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
- 18.3 The Council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making new decisions in the current context and in relation to the new strategy.
- 18.4 It should be noted in respect of the Council's public sector equalities duties where the setting of the capital, revenue and HRA budget result in new policies or policy

change, the relevant service department will carry out an equality impact assessment to secure delivery of that duty, including such consultation as may be required.

- 18.5 In addition, each of the estate regeneration schemes is subject to an Equalities Impact Assessment to ensure any arising issues are addressed. DDA works and disabled adaptations are included as essential works within the capital programme. Further Equalities Impact Assessment and/or consultation may be necessary if significant changes are envisaged to Housing Management Schemes.

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

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Appendix 1: HRA Business Plan Key Assumptions

	Assumptions	Notes
Inflation	2023/24 – 10% 2024/25 – 6% 2025/26 – 4% 2026/27 Onwards – 2%	<ul style="list-style-type: none"> 2023/24 reflects current CPI (most contracts are uplifted according to a retrospective CPI rate) The rates used for 2024/25 reflect OBR averages over the next 12 months The OBR forecasts that CPI will start to correct in 2025/26 (and may even turn negative as energy prices stabilise) but a slightly more cautious outlook has been adopted for the HRA Most commentators expect CPI to revert to the BoE target of 2% by 2026/27
Dwelling Rents	2023/24 – 7% 2024/25 – CPI+1% 2025/26 Onwards – CPI Only	<ul style="list-style-type: none"> Government rent cap applied for 2023/24 Assumes that the existing rent policy will continue to be applied for the final year of the 5-year period (i.e. CPI+1%) Cautious assumption from 2025/26 onwards (in the absence of any formal announcement on future rent policy)
Voids	2%	Same as previous BP
Bad Debt	0.61% in 2023/24 and 2024/25, 1% from 2025/26 onwards	Same as previous BP
Service Charges	£6.84 as the opening average weekly charge (uplifted in line with inflation rates applied to rechargeable costs)	<ul style="list-style-type: none"> Opening rate based on most recent SC estimates (i.e. 2022/23) Difference to previous BP is that CPI has not been used to inflate the charges, instead the specific inflation assumptions for qualifying costs (e.g. estate services, utilities) have been applied
Non-Dwelling Rents	Linked to CPI from 2023/24	Same as previous BP
Repairs and Maintenance Costs	Based on an adjusted CPI estimate to reflect higher inflation in this sector	<ul style="list-style-type: none"> Inflationary pressures in 2022/23 were generally higher than CPI (and this trend has therefore been reflected)
Interest Rates	2.6% on External Borrowing	<ul style="list-style-type: none"> Same as previous BP This reflects an expectation that the Council's forward borrowing facility will support investment in the short-term and provide time for interest rate volatility to settle
Pay Award	5%	Consistent with General Fund
RtB Sales	15 per annum	Same as previous BP

Appendix 2: HRA Business Plan Risks, Impacts & Mitigations

Risk	Impact	Mitigation
Capital Receipts	Any significant slippage in the timing or value of receipts will create a shortfall in capital financing (temporary or permanent) which would increase the HRA borrowing requirement.	<p>HRA borrowing doesn't hit capacity until Year 12 of the business plan. Up to this point there is sufficient headroom to manage delays to the timing of receipts.</p> <p>In order to manage potential shortfalls, valuations will be regularly undertaken for schemes with units for sale in order to closely monitor projected receipts. Alternative options may be sought to keep schemes viable.</p> <p>A development contingency is included to cover shortfalls of this kind and keep the capital programme within available funding parameters.</p>
Availability of External Funding	The Climate Works programme is assumed to be 50% externally funded (i.e. government grants). If this is unachievable, the HRA borrowing requirement will increase.	The interest cover in the HRA BP provides an opportunity to generate additional borrowing capacity, if required. However, it is likely that a more permanent mitigation would be required that would likely require a flattening of capital spend profiles or even exiting from investment activity that is not formally committed (and revising priorities accordingly).
Rent Policy	The 5-year Rent Policy period comes to an end in 2024/25. If the revised policy for 2025/26 onwards restricts rent increases by more than the level modelled (CPI Only) there will be a reduction in HRA income.	<p>Lobbying, with other RPs, is key to the success of preventing this.</p> <p>However, the level of interest cover built into the HRA revenue budget and the balance on the HRA reserve provides a mitigation to reduce the potential impact of a rent</p>

Risk	Impact	Mitigation
		<p>freeze (at least for a short period of time, before spending plans might need to be revised).</p> <p>The messages from Government appear to indicate that there is appetite to extend the rent limit of CPI+1% into future years. This represents a potential upside for the WCC HRA (and would act as an additional mitigation for many of the other risks included in this schedule).</p>
Interest Rates	<p>The rates assumed are 2.6% on new borrowing throughout the plan (based on current forward borrowing arrangements). If interest rates were to rise significantly this would have an adverse impact HRA borrowing capacity.</p>	<p>The revenue budget includes an interest cover ratio of at least 1.20. This ensures that the revenue budget can absorb the impact of interest rate increases (up to a point).</p> <p>Stress testing of the business plan indicates that it could potentially absorb the impact of an increase of up to 1.4% over and above the rate assumed.</p>
Inflation	<p>If inflation were to be higher than the assumed CPI rates, the resulting cost increase would alter the surplus/deficit position on the revenue account.</p> <p>The cost increases would also impact scheme viability within the capital investment strategy and may result in a need for additional borrowing.</p>	<p>The increase in revenue costs would be partially offset by increased income that is also linked to CPI (e.g. rents and services charges).</p> <p>The level of interest cover on the revenue budget would also provide some means of absorbing cost increases, but ultimately the BP would need to be refreshed and spending plans reviewed accordingly.</p>
Cost of Living Crisis	<p>The increased strain on household incomes undoubtedly increases the</p>	<p>More active/proactive debt management action will undoubtedly be required, mainly</p>

Risk	Impact	Mitigation
	<p>likelihood that levels of rent arrears will grow. If this becomes bad debt, available HRA resources will reduce. This has yet to materialise to any significant degree but may become more prevalent when government support for energy bills ceases.</p>	<p>to get an early warning on emerging trends.</p> <p>The Council's Rent Support Fund is designed to help tenants that may be experiencing difficulty with rent and will also provide an opportunity for early intervention to prevent arrears from building.</p>
<p>Impact of Brexit/Economic uncertainty on construction prices</p>	<p>Price inflation is being experienced within the construction/maintenance sector driven by the availability of materials and labour (arising from global inflation, barriers to supply, additional costs applied to imports, and changes in the value of sterling). This could continue to drive a need for increases to the HRA borrowing requirement or adversely impact delivery profiles within the capital programme.</p>	<p>A selection of current projects have already been reviewed to identify and quantify the potential future impact of inflation based on the best evidence available. A total of £50m has already been released from the programme contingency to help schemes to absorb the impact of this cost pressure and remain viable.</p> <p>Ultimately, the contingency built into the capital programme will continue to be the key mitigation, but where schemes become unviable as a result of cost increases there may be a need to terminate or delay.</p>

Appendix 3: 5-Year HRA Revenue Budget

	1	2	3	4	5
	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Dwelling Rents	(85.231)	(93.914)	(97.215)	(99.970)	(102.239)
Non-Dwelling Rents	(0.901)	(0.955)	(0.993)	(1.013)	(1.034)
Commercial Rents	(7.800)	(8.363)	(8.698)	(8.872)	(9.049)
Service Charges	(22.673)	(24.461)	(24.963)	(25.508)	(26.061)
Heating & Hot Water Service Charges (incl. PDHU)	(7.212)	(7.644)	(7.950)	(8.109)	(8.271)
HRA Investment & Other Income	(2.350)	(2.491)	(2.591)	(2.642)	(2.695)
TOTAL INCOME	(126.166)	(137.829)	(142.410)	(146.114)	(149.349)
Staff	21.866	22.850	23.535	24.006	24.486
Repairs & Maintenance	26.605	28.599	29.867	30.693	31.359
Supervision & Management	9.739	10.805	11.228	11.845	12.082
Estate Services	11.063	11.727	12.196	12.440	12.689
Heating & Hot Water Expenditure (incl. PDHU)	7.212	7.645	7.951	8.110	8.272
Rents, Rates and Commercial Charges	0.629	0.666	0.693	0.707	0.721
Regeneration	0.367	0.387	0.401	0.409	0.417
TMO Allowances	1.656	1.755	1.825	1.862	1.899
Support Costs	10.771	11.417	11.874	12.111	12.353
Movement on Bad Debt Provision (BDP)	0.550	0.583	0.606	0.618	0.631
Depreciation	21.360	22.816	24.124	24.780	25.387
Capital Financing Costs	11.661	11.435	12.584	12.874	13.933
TOTAL INCOME	123.478	130.685	136.884	140.455	144.228
HRA OPERATING (Surplus)/Deficit	(2.688)	(7.144)	(5.527)	(5.658)	(5.121)
Revenue Contribution to Fund Capital (RCCO)	2.688	7.144	5.527	5.658	5.121
HRA TOTAL	0.000	0.000	0.000	0.000	0.000
Interest Cover Ratio	1.23	1.62	1.44	1.44	1.37

Appendix 4a: 30-Year HRA Business Plan

	1	2	3	4	5	6	7	8	9	10
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Dwelling Rents	(85.231)	(93.914)	(97.215)	(99.970)	(102.239)	(104.403)	(106.595)	(111.162)	(112.018)	(114.761)
Non-Dwelling Rents	(0.901)	(0.955)	(0.993)	(1.013)	(1.034)	(1.054)	(1.075)	(1.097)	(1.119)	(1.141)
Commercial Rents	(7.800)	(8.363)	(8.698)	(8.872)	(9.049)	(9.230)	(9.415)	(9.603)	(9.795)	(9.991)
Service Charges	(22.673)	(24.461)	(24.963)	(25.508)	(26.061)	(26.617)	(27.185)	(28.293)	(28.367)	(28.992)
Heating & Hot Water Service Charges (incl. PDHU)	(7.212)	(7.644)	(7.950)	(8.109)	(8.271)	(8.437)	(8.605)	(8.778)	(8.953)	(9.132)
HRA Investment & Other Income	(2.350)	(2.491)	(2.591)	(2.642)	(2.695)	(2.749)	(2.804)	(2.860)	(2.917)	(2.976)
TOTAL INCOME	(126.166)	(137.829)	(142.410)	(146.114)	(149.349)	(152.490)	(155.681)	(161.793)	(163.170)	(166.993)
Staff	21.866	22.850	23.535	24.006	24.486	24.976	25.475	25.985	26.504	27.034
Repairs & Maintenance	26.605	28.599	29.867	30.693	31.359	32.084	32.726	33.339	34.097	34.901
Supervision & Management	9.739	10.805	11.228	11.845	12.082	12.129	12.372	12.619	12.872	13.129
Estate Services	11.063	11.727	12.196	12.440	12.689	12.943	13.202	13.466	13.735	14.010
Heating & Hot Water Expenditure (incl. PDHU)	7.212	7.645	7.951	8.110	8.272	8.437	8.606	8.778	8.954	9.133
Rents, Rates and Commercial Charges	0.629	0.666	0.693	0.707	0.721	0.736	0.750	0.765	0.781	0.796
Regeneration	0.367	0.387	0.401	0.409	0.417	0.425	0.434	0.442	0.451	0.460
TMO Allowances	1.656	1.755	1.825	1.862	1.899	1.937	1.976	2.015	2.056	2.097
Support Costs	10.771	11.417	11.874	12.111	12.353	12.600	12.852	13.109	13.372	13.639
Movement on Bad Debt Provision (BDP)	0.550	0.583	0.606	0.618	0.631	0.643	0.656	0.669	0.683	0.696
Depreciation	21.360	22.816	24.124	24.780	25.387	25.864	26.413	26.909	27.562	28.292
Capital Financing Costs	11.661	11.435	12.584	12.874	13.933	15.917	16.898	17.446	17.989	18.569
TOTAL INCOME	123.478	130.685	136.884	140.455	144.228	148.691	152.360	155.544	159.055	162.756
HRA OPERATING (Surplus)/Deficit	(2.688)	(7.144)	(5.527)	(5.658)	(5.121)	(3.799)	(3.321)	(6.249)	(4.115)	(4.238)
Revenue Contribution to Fund Capital (RCCO)	2.688	7.144	5.527	5.658	5.121	3.799	3.321	6.249	4.115	4.238
HRA TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interest Cover Ratio	1.23	1.62	1.44	1.44	1.37	1.24	1.20	1.36	1.23	1.23

	11	12	13	14	15	16	17	18	19	20
	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Dwelling Rents	(117.119)	(119.424)	(124.478)	(124.895)	(127.347)	(129.845)	(132.390)	(134.980)	(140.266)	(140.308)
Non-Dwelling Rents	(1.164)	(1.187)	(1.211)	(1.235)	(1.260)	(1.285)	(1.311)	(1.337)	(1.364)	(1.391)
Commercial Rents	(10.191)	(10.395)	(10.603)	(10.815)	(11.031)	(11.252)	(11.477)	(11.706)	(11.940)	(12.179)
Service Charges	(29.609)	(30.233)	(31.483)	(31.559)	(32.225)	(32.904)	(33.598)	(34.307)	(35.704)	(35.768)
Heating & Hot Water Service Charges (incl. PDHU)	(9.315)	(9.501)	(9.691)	(9.885)	(10.083)	(10.284)	(10.490)	(10.700)	(10.914)	(11.132)
HRA Investment & Other Income	(3.035)	(3.096)	(3.158)	(3.221)	(3.286)	(3.351)	(3.418)	(3.487)	(3.556)	(3.628)
TOTAL INCOME	(170.433)	(173.836)	(180.625)	(181.610)	(185.231)	(188.921)	(192.684)	(196.517)	(203.744)	(204.406)
Staff	27.575	28.127	28.689	29.263	29.848	30.445	31.054	31.675	32.309	32.955
Repairs & Maintenance	35.586	36.253	37.043	37.850	38.560	39.283	40.020	40.770	41.535	42.313
Supervision & Management	13.392	13.660	13.933	14.212	14.496	14.786	15.081	15.383	15.691	16.004
Estate Services	14.290	14.576	14.867	15.165	15.468	15.777	16.093	16.415	16.743	17.078
Heating & Hot Water Expenditure (incl. PDHU)	9.315	9.502	9.692	9.886	10.083	10.285	10.491	10.701	10.915	11.133
Rents, Rates and Commercial Charges	0.812	0.828	0.845	0.862	0.879	0.897	0.915	0.933	0.952	0.971
Regeneration	0.470	0.479	0.488	0.498	0.508	0.518	0.529	0.539	0.550	0.561
OTMO Allowances	2.139	2.181	2.225	2.269	2.315	2.361	2.408	2.457	2.506	2.556
Support Costs	13.912	14.190	14.474	14.763	15.059	15.360	15.667	15.980	16.300	16.626
Movement on Bad Debt Provision (BDP)	0.710	0.725	0.739	0.754	0.769	0.784	0.800	0.816	0.832	0.849
Depreciation	28.871	29.414	29.967	30.706	31.283	31.871	32.470	33.080	33.702	34.336
Capital Financing Costs	19.162	20.599	22.474	23.164	23.383	23.509	23.494	23.394	23.233	23.044
TOTAL INCOME	166.233	170.533	175.436	179.391	182.650	185.876	189.021	192.143	195.266	198.425
HRA OPERATING (Surplus)/Deficit	(4.200)	(3.304)	(5.189)	(2.219)	(2.581)	(3.045)	(3.662)	(4.374)	(8.478)	(5.981)
Revenue Contribution to Fund Capital (RCCO)	4.200	3.304	5.189	2.219	2.581	3.045	3.662	4.374	8.478	5.981
HRA TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interest Cover Ratio	1.22	1.16	1.23	1.10	1.11	1.13	1.16	1.19	1.36	1.26

	21	22	23	24	25	26	27	28	29	30
	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50	2050/51	2051/52	2052/53
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Dwelling Rents	(143.046)	(145.835)	(148.676)	(151.569)	(157.488)	(157.519)	(160.577)	(163.691)	(166.863)	(170.560)
Non-Dwelling Rents	(1.419)	(1.447)	(1.476)	(1.506)	(1.536)	(1.566)	(1.598)	(1.630)	(1.662)	(1.696)
Commercial Rents	(12.423)	(12.671)	(12.925)	(13.183)	(13.447)	(13.716)	(13.990)	(14.270)	(14.555)	(14.846)
Service Charges	(36.522)	(37.292)	(38.078)	(38.881)	(40.464)	(40.537)	(41.391)	(42.263)	(43.154)	(44.911)
Heating & Hot Water Service Charges (incl. PDHU)	(11.355)	(11.582)	(11.813)	(12.050)	(12.291)	(12.536)	(12.787)	(13.043)	(13.304)	(13.570)
HRA Investment & Other Income	(3.700)	(3.774)	(3.850)	(3.927)	(4.005)	(4.085)	(4.167)	(4.250)	(4.335)	(4.422)
TOTAL INCOME	(208.465)	(212.602)	(216.818)	(221.115)	(229.230)	(229.960)	(234.510)	(239.147)	(243.873)	(250.004)
Staff	33.614	34.286	34.972	35.671	36.385	37.112	37.855	38.612	39.384	40.172
Repairs & Maintenance	43.107	43.915	44.738	45.577	46.431	47.301	48.188	49.091	50.010	50.238
Supervision & Management	16.325	16.651	16.984	17.324	17.670	18.024	18.384	18.752	19.127	18.326
Estate Services	17.419	17.768	18.123	18.485	18.855	19.232	19.617	20.009	20.409	20.818
Heating & Hot Water Expenditure (incl. PDHU)	11.356	11.583	11.814	12.051	12.292	12.537	12.788	13.044	13.305	13.571
Rents, Rates and Commercial Charges	0.990	1.010	1.030	1.051	1.072	1.093	1.115	1.137	1.160	1.183
Regeneration	0.572	0.584	0.595	0.607	0.620	0.632	0.645	0.657	0.671	0.684
TMO Allowances	2.607	2.659	2.712	2.766	2.822	2.878	2.936	2.995	3.054	3.116
Support Costs	16.958	17.298	17.644	17.996	18.356	18.724	19.098	19.480	19.870	20.267
Movement on Bad Debt Provision (BDP)	0.866	0.883	0.901	0.919	0.937	0.956	0.975	0.995	1.015	1.035
Depreciation	34.981	35.638	36.308	36.990	37.685	38.393	39.114	39.848	40.597	41.359
Capital Financing Costs	22.872	22.681	22.466	22.226	21.914	21.568	21.244	21.013	20.126	20.795
TOTAL INCOME	201.666	204.955	208.288	211.664	215.038	218.450	221.958	225.632	228.727	231.562
HRA OPERATING (Surplus)/Deficit	(6.799)	(7.647)	(8.530)	(9.452)	(14.192)	(11.510)	(12.552)	(13.515)	(15.146)	(18.442)
Revenue Contribution to Fund Capital (RCCO)	6.799	7.647	8.530	9.452	14.192	11.510	12.552	13.515	15.146	18.442
HRA TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interest Cover Ratio	1.30	1.34	1.38	1.43	1.65	1.53	1.59	1.64	1.75	1.89

Appendix 4b: 30-Year HRA Reserve Projection

	1	2	3	4	5	6	7	8	9	10
	2023/24	2024/25	2025/26	2026/27	2027/28	2027/29	2027/30	2027/31	2027/32	2027/33
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Opening Balance	19.300	17.240	17.000	17.000	17.000	17.000	15.249	15.568	16.179	16.317
Planned Contribution/(Drawdown)	(2.060)	(0.240)	0.000	0.000	0.000	(1.751)	0.319	0.611	0.138	0.382
Proposed Reserve Balance	17.240	17.000	17.000	17.000	17.000	15.249	15.568	16.179	16.317	16.699
% of HRA Turnover	14%	12%	12%	12%	11%	10%	10%	10%	10%	10%

	11	12	13	14	15	16	17	18	19	20
	2027/34	2027/35	2027/36	2027/37	2027/38	2027/39	2027/40	2027/41	2027/42	2027/43
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Opening Balance	16.699	17.043	17.384	18.063	18.161	18.523	18.892	19.268	19.652	20.374
Planned Contribution/(Drawdown)	0.344	0.340	0.679	0.099	0.362	0.369	0.376	0.383	0.723	0.066
Proposed Reserve Balance	17.043	17.384	18.063	18.161	18.523	18.892	19.268	19.652	20.374	20.441
% of HRA Turnover	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

	21	22	23	24	25	26	27	28	29	30
	2027/44	2027/45	2027/46	2027/47	2027/48	2027/49	2027/50	2027/51	2027/52	2027/53
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Opening Balance	20.441	20.847	21.260	21.682	22.112	22.923	22.996	23.451	23.915	24.387
Planned Contribution/(Drawdown)	0.406	0.414	0.422	0.430	0.812	0.073	0.455	0.464	0.473	0.613
Proposed Reserve Balance	20.847	21.260	21.682	22.112	22.923	22.996	23.451	23.915	24.387	25.000
% of HRA Turnover	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

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Appendix 5: 30-Year HRA Capital Programme

Scheme Name	1	2	3	4	5	6-30	TOTAL
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29 to 2052/53	
	£000	£000	£000	£000	£000	£000	
Electrical Services	1,423	1,427	1,427	1,427	1,260	28,120	35,084
Major Works	31,384	30,527	32,906	35,296	36,472	393,150	559,735
Aids & Adaptations	1,800	1,800	1,800	1,800	1,800	39,900	48,900
Voids	3,900	3,900	3,900	3,900	3,900	89,000	108,500
Minor Works	1,850	1,830	1,830	1,700	1,400	20,700	29,310
Asset Management	855	765	765	700	700	14,200	17,985
Health & Safety (incl. Fire Safety)	3,448	2,424	2,132	1,360	1,360	26,400	37,124
Lifts	2,613	2,613	2,613	2,613	1,835	40,780	53,067
Domestic Heating	1,030	1,030	1,030	900	900	18,400	23,290
PDHU	4,441	3,166	1,605	1,205	405	0	10,822
Climate Works (Retrofit)	5,000	10,000	10,000	10,000	10,000	167,188	212,188
Mechanical Services	1,334	1,301	1,346	1,200	1,200	30,000	36,381
Inflation Allowances	1,718	4,031	5,990	7,743	9,133	396,030	424,646
Planned Maintenance TOTAL	60,796	64,814	67,344	69,844	70,365	1,263,868	1,597,032
Ashbridge	1,674	0	0	0	0	0	1,674
Ashmill	177	0	0	0	0	0	177
Cosway	3,452	0	0	0	0	0	3,452
Carlton Dene	4,546	20,589	28,119	0	0	0	53,254
Queens Park Court	6,500	5,095	0	0	0	0	11,595
Lisson Arches	3,237	0	0	0	0	0	3,237
Parsons North	168	454	0	0	0	0	622
Ebury Acquisitions & Decants	4,590	11,043	0	0	0	0	15,633
Ebury - Phase 1	35,000	29,739	8,894	177	23	0	73,833
Ebury - Phase 2	2,000	58,873	1,025	2,107	62,897	30,372	157,274
Pimlico (Churchill Gdns)	1,939	10,537	16,152	0	0	0	28,628
Infills	11,907	7,639	150	150	0	0	19,846
Church St Acquisitions	4,700	17,132	0	0	0	83,439	105,271
Church St - Site A	1,174	34,675	14,893	164	4,729	30,982	86,617
Church St - Site B	0	0	0	1,208	931	99,812	101,951
Church St - Site C	0	0	0	0	0	42,758	42,758
West End Gate	-35	0	0	0	0	0	-35
Lisson Grove	0	0	0	0	3,318	3,317	6,635
Paddington Green	1,537	3,690	5,843	0	0	0	11,070
300 Harrow Rd	1,958	0	0	0	0	0	1,958
Westmead	0	4,841	0	0	0	0	4,841
Cundy St Quarter	0	0	7,000	0	0	0	7,000
Contingency	2,789	6,742	2,709	126	2,373	9,592	24,331
Development TOTAL	87,314	211,049	84,785	3,932	74,271	300,272	761,622
HRA CAPITAL TOTAL	148,110	275,864	152,129	73,776	144,636	1,564,141	2,358,655

Funding	1	2	3	4	5	6-30	TOTAL
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29 to 2052/53	
	£000	£000	£000	£000	£000	£000	
Government Grant	27,983	3,112	9,380	2,067	0	4,172	46,713
Affordable Housing Fund (AHF)	28,660	64,535	12,923	0	0	33,353	139,472
Capital Receipts	60,200	81,373	49,206	32,887	0	0	223,666
Community Infrastructure Levy (CIL)	4,441	11,719	1,605	1,205	405	36,228	55,603
Right-to-Buy Receipts	1,543	2,016	3,573	4,080	4,227	163,247	178,685
Climate Grants	2,500	5,000	5,000	5,000	5,000	81,500	104,000
L/H Contributions	11,259	11,010	11,859	12,411	12,640	206,865	266,044
Major Repairs Allowance (MRA)	11,525	32,652	24,124	16,126	34,041	703,558	822,025
Revenue Contribution to Capital	0	7,292	5,638	0	5,305	41,328	59,562
New Borrowing	0	57,156	28,821	0	83,018	293,891	462,885
HRA CAPITAL FUNDING TOTAL	148,110	275,864	152,129	73,776	144,636	1,564,141	2,358,655



Cabinet

Decision Maker	Cabinet
Date	13 February 2023
Status	General Release
Title	Treasury Management Strategy Statement for 2023/24 to 2027/28
Wards Affected	All
Policy Context	To manage the Council's finances prudently and efficiently.

Financial Summary	<p>The Annual Treasury Management Strategy Statement sets out the Council's strategy for ensuring that:</p> <ul style="list-style-type: none">• its capital investment plans are prudent, affordable and sustainable;• the financing of the Council's capital programme and ensuring that cash flow is properly planned, and;• cash balances are appropriately invested to generate optimum returns having regard to security and liquidity of capital.
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Report of:	Gerald Almeroth Executive Director of Finance and Resources galmeroth@westminster.gov.uk
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1. EXECUTIVE SUMMARY

- 1.1 The Local Government Act 2003 (“the Act”) and the Regulations made under the Act require the Council to have regard to the Prudential Code for Capital Finance in Local Authorities 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.
- 1.2 The Act also requires the Council to set out a statement of its treasury management strategy for borrowing and to prepare an Annual Investment Strategy (as shown in Appendix 1). This sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments. The Treasury Management Strategy Statement and Annual Investment Strategy must both have regard to guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC) and must be agreed by Full Council.
- 1.3 CIPFA published the revised Treasury Management Code and Prudential Code on 20th December 2021 and has stated that revisions need to be included in the reporting framework from the 2023/24 financial year. The Authority, therefore, must have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year.
- 1.4 This report sets out the Council’s proposed Treasury Management Strategy Statement (TMSS) for the period 2023/24 to 2027/28, and Annual Investment Strategy (AIS) for the year ended 31 March 2024, together with supporting information.
- 1.5 The TMSS and AIS form part of the Council’s overall budget setting and financial framework.

2. RECOMMENDATIONS

- 2.1 Cabinet is asked to recommend to Full Council the approval of:
 1. the Treasury Management Strategy Statement;
 2. the borrowing strategy and borrowing limits for 2023/24 to 2027/28 set out in section 6;
 3. the Prudential Indicators set out in section 8;
 4. the Annual Investment Strategy and approved investments set out in Appendix 1;
 5. the Minimum Revenue Provision Policy set out in Appendix 2.

3. REASONS FOR DECISIONS

- 3.1 To comply with the Local Government Act 2003, other regulations and guidance and to ensure that the Council’s borrowing and investment plans are prudent, affordable and sustainable and comply with statutory requirements.

4. BACKGROUND INFORMATION

- 4.1 The Council is required to operate a balanced budget, which broadly means that monies received during the year will meet payments expenditure. The function of treasury management is to ensure that the Council's capital programme and corporate investment plans are adequately funded, and the cashflow is adequately planned, with cash being available when it is needed to discharge the Council's legal obligations and deliver Council services. Surplus monies are invested to obtain an optimal return, while ensuring security of capital and liquidity.
- 4.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as "the management of the local authority's borrowing, investments and 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."
- 4.3 The Council has formally adopted CIPFA's Code of Practice on Treasury Management and follows the key requirements of the Code as set out in Appendix 3.
- 4.4 The TMSS covers three main areas summarised below:

Capital spending

- Capital spending plans
- Other investment opportunities
- Capital Finance Requirement (CFR)
- Affordability

Borrowing

- Borrowing strategy
- New Loans
- Limits on external borrowing
- Maturity structure of borrowing
- Policy on borrowing in advance of need
- Forward borrowing
- Debt rescheduling
- Investing primarily for yield

Managing cash balances

- The current cash position and cash flow forecast
- Prospects for investment returns
- Council policy on investing and managing risk
- Balancing short and long term investments
- Improving investment returns

- 4.5 The Annual Investment Strategy (AIS) at Appendix 1 provides more detail on how the Council's surplus cash investments are to be managed in 2023/24. Approved schedules of specified and non-specified investments will be updated following consideration by Members and finalisation of 2023/24 budget plans.

4.6 The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes:

➤ **Treasury management**

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

➤ **Service delivery**

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

➤ **Commercial return**

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

TREASURY MANAGEMENT STRATEGY STATEMENT

5. SECTION 1 - CAPITAL SPENDING

Capital spending plans

- 5.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to provide an overview of capital expenditure plans.
- 5.2 Table 1 summarises the Council's capital expenditure plans, both in terms of those projects agreed previously, and those forming part of the current budget cycle. The table sets out the Council's current expectations reference the revenue or capital financing.
- 5.3 The forecast for 2022/23 General Fund capital expenditure in last years TMSS was £302m. This is now expected to be £267m. The variance of £35m is due to slippage and the strategic prioritisation of capital schemes.

Table 1 Capital spending and funding plans

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Actual	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate	
£m	£m	£m	£m	£m	£m	£m	£m
Expenditure							
187	267	290	363	421	400	236	1,977
164	187	148	276	152	74	145	982
351	454	438	639	573	474	381	2,959
Funding							
General Fund							
58	42	79	98	108	58	22	407
21	58	29	18	21	116	274	516
HRA							
94	76	113	101	46	11	34	381
38	56	84	107	77	62	29	415
6	0	0	0	0	0	0	0
217	232	305	324	252	247	359	1,719
134	222	133	315	321	227	22	1,240

Other investment opportunities

- 5.4 As well as investing in assets owned by the Council and used in the delivery of services, the Council can also invest, where appropriate, in:
- infrastructure projects, such as green energy;
 - loans to third parties;
 - shareholdings, and loans to limited companies and joint ventures.
- 5.5 Such investments are treated as expenditure for treasury management and prudential borrowing purposes even though they do not create physical assets in the Council's accounts. Appropriate budgets in respect of these activities are agreed as part of the Council's budget setting and ongoing monitoring processes and considered as part of the Annual Investment Strategy.
- 5.6 In addition, the Council has a substantial commercial investment property portfolio which forms part of the investment strategy. The Council has allocated funds of £120m. £27m of this has been during the 2022/23 financial year. The strategy focuses on increasing the income generated by the Council from its property holdings, while also meeting its strategic aims. Future Public Work Loans Board (PWLB) borrowing will not form part of the investment portfolio's source of external funding. Future acquisitions of property will be subject to thorough due diligence and pay full heed to the PWLB's rules on not purchasing assets primarily for yield.
- 5.7 The Council has also invested £30m within the overall context of the Council's annual investment strategy in a residential housing partnership. This partnership was developed in response to the lack of private rented accommodation accessible to rising numbers of people living in temporary accommodation or otherwise at risk of homelessness in London.

Capital Financing Requirement (CFR)

- 5.8 The CFR measures the extent to which capital expenditure has not yet been financed from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
- 5.9 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
- 5.10 Table 2 shows that the CFR will increase over the medium term. Consequently, the capital financing charge to revenue will increase, reflecting the capital spending plans.

Table 2 Capital Financing Requirement forecast

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Actual	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
£m	£m	£m	£m	£m	£m	£m
CFR as at 31 March						
672 General Fund	818	978	1,198	1,456	1,642	1,535
326 HRA	381	332	400	429	430	512
998	1,199	1,310	1,598	1,885	2,072	2,047
Annual Charge						
108 General Fund	167	182	247	292	226	(60)
26 HRA	55	(49)	68	29	1	82
134	222	133	315	321	227	22
Reason for Change						
152 Net financing	243	155	342	355	267	69
(18) Less MRP	(21)	(22)	(27)	(34)	(40)	(47)
134	222	133	315	321	227	22

- 5.11 Table 3 below confirms that the Council's gross debt does not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for current year and the following financial years. This allows some flexibility for limited early borrowing for future years and ensures that borrowing is not undertaken for revenue purposes.

Table 3 Borrowing compared to the Capital Financing Requirement

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Actual	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
£m	£m	£m	£m	£m	£m	£m
298 Gross Projected Debt	400	587	571	558	549	539
998 Capital Financing Requirement	1,199	1,310	1,598	1,885	2,072	2,047
700 Under / (over) borrowing	799	723	1,027	1,327	1,523	1,508

- 5.12 The Council's MRP policy is shown at Appendix 2. The Department for Levelling Up, Housing and Communities (DLUHC) is conducting a consultation on amending MRP regulations/guidance for England. The latest information available suggests that any changes will take effect from 2024/25 at the earliest. Authorities that are already fully compliant with MRP requirements (including Westminster) will be unaffected.

- 5.13 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 an Authority that has financed capital expenditure through borrowing is required to make a provision each year through a revenue charge (MRP). The Authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
- 5.14 Members will be updated on how the new regulations will impact the Council’s approach, though this is expected to be limited, and any changes required will be formally adopted within the MRP appendix of the 2024/25 TMSS Strategy report.

Affordability

- 5.15 The objective of the affordability indicator is to ensure that the level of investment in capital assets proposed remains within sustainable limits and to ensure the impact on the Council’s “bottom line” is manageable. The estimates of financing costs include current commitments and the proposals in the Council’s budget report. Table 4 below sets out the expected ratio of capital financing costs to income for both General Fund and HRA activities:

Table 4 Ratio of capital financing costs to income

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Actual	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
%	%	%	%	%	%	%
8.17 General Fund	29.51	12.24	(10.55)	(16.92)	(15.59)	11.59
35.76 HRA	34.62	34.59	33.29	33.03	32.70	32.52

- 5.16 For the next five years, gross capital financing charges for the General Fund capital programme are largely outweighed or balanced by income from investments and the commercial property portfolio. The capital financing charges arising from the HRA capital programme remain in line with the forecast increase in income, hence, capital charges as a proportion of the HRA net revenue stream remain relatively steady.

6. SECTION 2 - BORROWING

Borrowing strategy

- 6.1 One of the main functions of the treasury management service is the funding of the Council’s capital plans. These capital plans provide a guide to the borrowing need of the Council and help ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 6.2 The Council’s main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Given the significant cuts to public expenditure and, in particular, to local government funding, the Council’s borrowing strategy continues to address the key issue of affordability without compromising the long term stability of the debt portfolio.

The key factors influencing the 2023/24 strategy are:

- forecast borrowing requirements
- the current economic and market environment
- interest rate forecasts.

6.3 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim funding measure. This strategy was prudent as investment returns have only recently begun to rise and counterparty risk has been minimised. It has also saved a considerable amount of interest payable, known as the 'cost of carry'.

6.4 The borrowing position needs to be kept under review to avoid incurring higher borrowing costs in future years when the Council may not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt. The monitoring process includes the setting of various trigger points, the breaking of which will require officer consideration of borrowing requirements and market conditions.

New Loans

6.5 All new loans are subject to the relevant gilt yields +0.8% (known as the PWLB certainty rate). A prohibition is in place to deny access to borrowing to any local authority which plans to purchase assets primarily for yield in its three-year capital programme.

6.6 The key advantage of PWLB is the speed and ease of transaction processing and the low fee and administration cost associated with the loans. Alternative types of funding could result in lengthy due diligence, consultancy costs, legal advice and fees and will be far more costly administratively.

6.7 The alternative sources to PWLB of long term borrowing include:

- **Banks**

Discussions with the Council's treasury consultant suggest that the Council could access borrowing from banks. However, the decision by the PWLB to reverse the 1% additional cost of general fund borrowing has resulted in banks now being placed in an overly competitive environment. New opportunities have arisen with the new UK Infrastructure Bank that offer competitive rates for qualifying investment. Other borrowing is available through specific bank backed opportunities such as the Mayor of London's Energy Efficiency Fund.

- **Pension Fund institutional investors**

Initial indications have suggested that the Council may be able to borrow from institutional investors at rates of around gilt yield plus 1.2% to 1.8% for periods of over 20 years, via a private placement agreement (PPA). Such an arrangement will be subject to negotiations with the lenders, who will need to carry out due diligence on a Council's finances, budgets and balance sheet.

➤ **Bond issuance**

A bond issue would first require the Council to become credit rated by one (or more) of the major ratings agencies: Fitch, S&P or Moody's. This is a complex, lengthy, repetitive and costly process.

The precise rate offered will be market led and dependent on the financial resilience of the authority and the market's perception of creditworthiness.

Councils with significant reserves and a record of not overspending on budget will be able to secure the most advantageous rates. Bond releases typically require a minimum size of at least £200m.

➤ **The Municipal Bonds Agency**

This has been in existence since 2013 but has only recently transacted its first bond issuance for a local authority borrower. It is not regarded as a major provider.

➤ **Community Municipal Investments**

A bond like instrument, where funds can be raised from multiple investor sources, including individuals. This is an alternative financing route, which will help facilitate the Council's commitment to becoming a carbon neutral council by 2030 and a carbon neutral city by 2040.

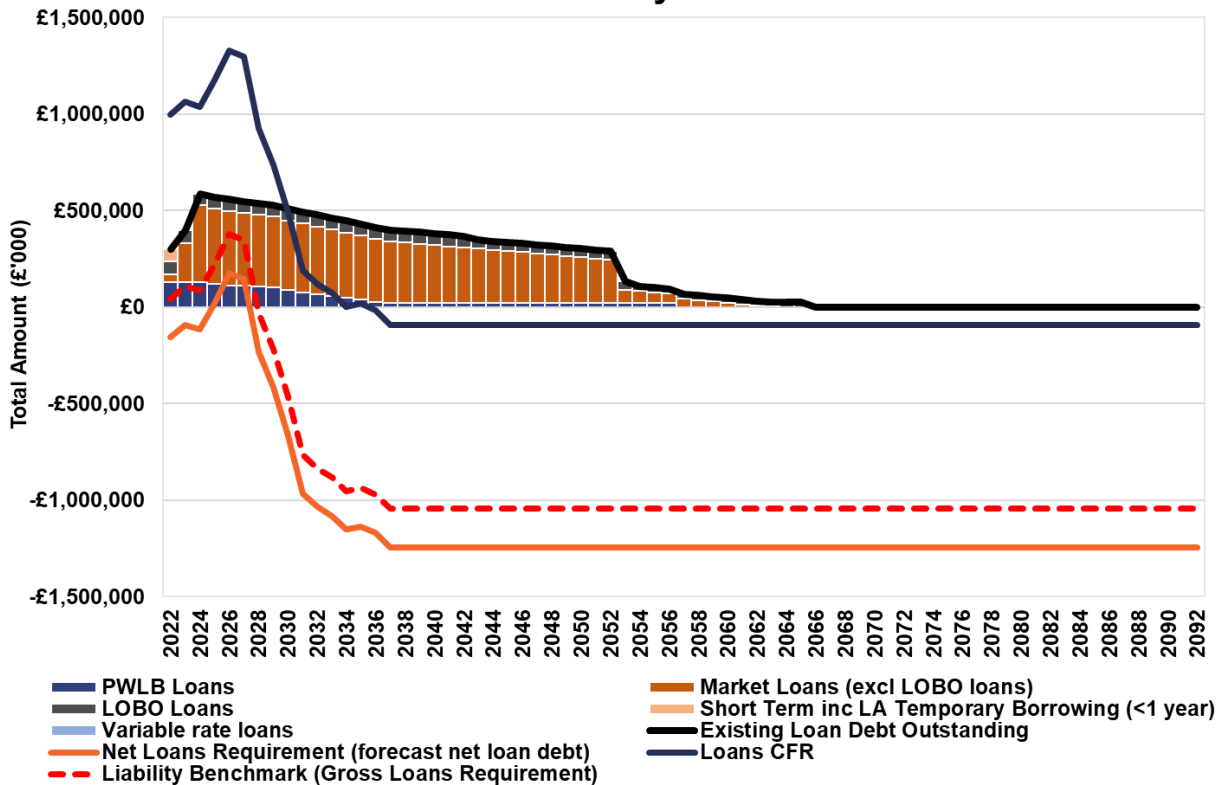
Proceeds from the bond issue will be used as a funding source for green initiatives.

- 6.8 Alternative opportunities for the Council may well present themselves, and the borrowing strategy will be designed to allow for this. The 'benchmark' for a borrowing opportunity is regarded at around gilts +0.8%. It is unclear at this stage whether feasible PWLB competition will materialise, and it is likely to take some time to do so. Officers will continue to explore alternatives to the PWLB, working with the Council's treasury advisor, Link. PWLB rates will also be kept under regular and active review.
- 6.9 Immediate liquidity needs can be satisfied by borrowing from other local authorities in the short term, consistent with the Council's current approved treasury management strategy. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio.
- 6.10 While the Council will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a "cost of carry", to any new borrowing that will cause a temporary increase in cash balances. Indicative work recently undertaken indicates there may be the need to take new long term financing in the financial year 2024/25.

Liability Benchmark

- 6.11 A new prudential indicator for 2023/24 is the Liability Benchmark. Local Authorities are required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum.

Liability Benchmark



6.12 There are four components to the Liability Benchmark:

- Existing loan debt outstanding: the Authority's existing loans that are still outstanding in future years.
- Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
- Net loans requirement: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- Liability benchmark (or gross loans requirement): this equals net loans requirement plus short term liquidity allowance.

6.13 The liability benchmark highlights any substantial mismatches between actual loan debt outstanding and the liability benchmark. The years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment.

6.14 Despite the recent spike in the cost of borrowing, the Council is currently in an under-borrowed position, where it is financing current capital schemes through the temporary use of its own cash reserves. The use of these reserves is expected to remain part of the Council's balance sheet throughout 2023/24. Current modelling points to a large borrowing requirement in 2025, by which time the cost of borrowing is projected to reduce to levels approaching 3.1%.

Table 5 The Council's balance sheet position as at 31 March 2023

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Capital Financing Requirement	1,199	1,310	1,598	1,885	2,072	2,047
Other Long Term Liabilities						
PFI	(7)	(6)	(6)	(6)	(6)	(6)
Leases	(44)	(43)	(42)	(42)	(41)	(40)
Under / (over) borrowing	1,148	1,261	1,550	1,837	2,025	2,001
External Borrowing	400	587	571	558	549	539
Under borrowing/ Internal borrowing	748	674	979	1,279	1,476	1,462

Limits on external borrowing

6.15 The Prudential Code requires the Council to set two limits on its total external debt, as set out in Table 6 below. The Authorised Limit has been increased in line with the CFR.

The limits are:

- **Authorised Limit for External Debt (Prudential Indicator 5a)** – This is the limit prescribed by section 3(1) of the Local Government Act 2003 representing the maximum level of borrowing which the Council may incur. It reflects the level of external debt which, while not desired, could be afforded in the short term, but may not be sustainable in the longer term.
- **Operational Boundary (Prudential Indicator 5b)** – This is the limit which external debt is not normally expected to exceed. The boundary is based on current debt plus anticipated net financing need for future years.

Table 6 Overall borrowing limits

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Authorised Limit:						
Borrowing and other long term liabilities	1,250	1,359	1,646	1,933	2,119	2,093
Operational Boundary:						
Borrowing	400	587	571	558	549	539
Other long term liabilities	51	49	48	48	47	46
Operational Boundary	451	636	619	606	596	585

6.16 The Executive Director of Finance and Resources reports that the Council complied with these prudential indicators in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans and the proposals in this report.

Maturity structure of borrowing (Prudential Indicator 8)

- 6.17 Managing the maturity profile of debt is essential for reducing the Council's exposure to large, fixed rate sums falling due for refinancing within a short period, and thus potentially exposing the Council to additional cost. Table 7 below sets out current upper and lower limits for debt maturity which are unchanged from 2022/23. The principal repayment profile for current council borrowing remains within these limits.

Table 7 Debt maturity profile limits

Actual Maturity at 31 December 2022	Duration	Upper Limit	Lower Limit
0	Under 12 Months	40	0
5	12 Months and within 24 Months	35	0
2	24 Months and within 5 Years	35	0
16	5 Years and within 10 Years	50	0
77	10 Years and Above	100	35

Table 8 Maturity profile of long term borrowing

Borrowing as at 31 December 2022		
Period	General Fund	HRA
	£m	£m
0 - 5 years	3	31
5 - 10 years	3	52
10 - 15 years	4	38
15 - 20 years	5	0
20 - 25 years	20	0
25 - 30 years	156	0
30 - 35 years	6	40
35 - 40 years	7	0
40 - 45 years	8	15
Total	212	176

- 6.18 The Council has £70 million of LOBOs (Lender Option Borrower Option) debt, none of which mature in the near future. Were the lender to exercise their option, the Executive Director of Finance and Resources will consider accepting the new rate of interest or repaying (with no penalty) if it is in the Council's interest. Repayment of the LOBO may result in a need for refinancing.
- 6.19 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates.

Policy on borrowing in advance of need

- 6.20 The Council has the power to borrow in advance of need in line with its future borrowing requirements under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended.
- 6.21 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 can ensure the security of such funds.
- 6.22 Risks associated with any borrowing in advance will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Forward borrowing

- 6.23 As anticipated in the 2022/23 TMSS, the Council took no additional borrowing for the financial year due to the high level of cash holdings. Officers are monitoring market conditions and reviewing the need to borrow if a requirement is identified for either the General Fund or Housing Revenue Account (HRA). The monitoring process includes the setting of various trigger points, the breaking of which will require officer consideration of borrowing requirements and market conditions.
- 6.24 Due to the overall financial position and the underlying need to borrow for capital purposes, it is prudent for the Council to lock in affordability by placing some forward borrowing for the amounts it can be relatively certain it will need, while maintaining some forward flexibility as projects may or may not proceed within the expected timeframes.
- 6.25 During the financial year 2019/20, the Council arranged forward borrowing loans totalling £400m. These loans have enabled the Council to agree competitive rates in advance of need which eliminates the “cost of carry”, i.e., the difference between loan interest cost and the rate of return on cash investments. This also gives some stability and certainty to the financing of the Council’s housing development schemes in particular.
- 6.26 An analysis of these loans can be found in the table below.

Counterparty	Amount (£m)	Start Date	Maturity Date	Rate (%)	Profile
Phoenix Group	37.5	15 March 2022	15 March 2062	2.706	Annuity
Barings LLC	150.0	15 August 2022	15 August 2052	1.970	Maturity
Phoenix Group	12.5	15 March 2023	15 March 2063	2.751	Annuity
Rothsay Life Plc	200.0	08 May 2023	08 May 2063	2.887	Equal Instalment of Principal
Weighted average interest rate	400.0			2.579	

Debt Rescheduling

- 6.27 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in light of the current treasury position and the cost of debt repayment (premiums incurred).

6.28 The reasons for any rescheduling to take place will include:

- generating cash savings and/or discounted cash flow savings
- helping to fulfil the treasury strategy
- enhancing the balance of the portfolio by amending the maturity profile and/or the balance of volatility.

Investing primarily for yield

6.29 Under the new PWLB framework, the Council will need to submit its three-year capital plan to the PWLB. Under the PWLB criteria, it is stipulated: “Local authorities must not pursue a deliberate strategy of using private borrowing or internal borrowing to support investment in an asset that the PWLB would not support and then refinancing or externalising this with a PWLB loan.”

6.30 On transacting a PWLB loan, the S151 officer is required to confirm that the local authority is not borrowing in advance of need and does not intend to buy investment assets primarily for yield. When applying for a new PWLB loan, the Council will be asked to confirm that the latest plans submitted remain current and provide assurance that they do not intend to buy investment assets primarily for yield.

7. SECTION 3 – MANAGING CASH BALANCES

The current cash position and cash flow forecast

7.1 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short term interest rates (i.e., rates for investments up to 12 months).

7.2 Table 9 below shows that cash balances have increased by £808m since 31 March 2022 to 31 December 2022 which is mainly due to the forecast pattern of the Council’s cashflows and is mainly dependant on the timing of precept payments, receipt of grants, council tax and business rates, and progress on the capital expenditure programme. The cash balance is expected to be closer to £800m by 31 March 2023 due to an expected NNDR section 31 repayment of approximately £439m.

Table 9 Cash position at 31 December 2022

As at 31 March 2022		As at 31 December 2022	
Principal	Average Rate	Principal	Average Rate
£m	%	£m	%
Investments			
455	0.51	1,263	3.00
	Specified		
455	0.51	1,263	3.00
	Total		
Borrowing			
131	3.74	131	3.74
	Public Works Loan Board		
70	5.08	70	5.08
	Lender Option Borrower Options		
37	2.70	187	2.11
	Private Placement Borrowing		
60	0.46	0	-
	Local Authority		
298	3.26	388	3.20
	Total		

7.3 The medium-term cash flow forecast below demonstrates that the Council currently has a substantial positive cash flow position with the average cash position expected to decrease each subsequent year with a projected requirement to take further financing in 2024/25. Treasury officers will work closely with the capital finance team to monitor slippage within the capital program. Information relating to future business rates and the amounts held pending rating appeals will also be monitored as these are uncertain and will have an impact on the figures detailed below.

Table 10 Medium-term cashflow forecast

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Balance at 1 April	473	417	471	140	(194)	(431)
Movement in Cash						
Capital Receipt	114	113	125	98	178	303
Grants & Contributions	118	192	199	154	69	56
Cash In	232	305	324	252	247	359
HRA Cash movements	5	0	0	0	0	0
Capital Programme	(454)	(438)	(639)	(573)	(474)	(381)
Cash Out	(449)	(438)	(639)	(573)	(474)	(381)
Forward Borrowing	162	200	0	0	0	0
Repayment of debt	(1)	(13)	(16)	(13)	(10)	(10)
Balance 31 March	417	471	140	(194)	(431)	(463)
Average Balance	445	444	306	(27)	(313)	(447)

7.4 The Council aims to manage daily cash flow peaks and troughs to achieve a nil current account balance throughout the year. As such the average yearly surplus cash balances should be fully invested throughout. Although the opening balance of £473m on 1 April 2022 is used in table 10, this does not represent the average balance for the month of April 2022 and results in lower balances being reflected in the cashflow forecast. The average investment balance was £618m in April 2022 and £927m for the year to 31st December 2022.

Prospects for investment returns

7.5 The Bank of England's Monetary Policy Committee made clear at its November 2022 meeting that further rate increases are in the pipeline and markets expect Bank Rate to peak at 4.5% - 4.75%. Investing in 2023/24, is therefore likely to be conducted, first, in a rising interest rate environment, but also, potentially a falling interest rate environment at the back end of the financial year, depending on how quickly inflation falls back and how growth performs.

7.6 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short term interest rates. Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate peaking in the first half of 2023 and possibly reducing as early as the latter part of 2023 so an agile investment strategy would be appropriate to optimise returns.

Council policy on investing and managing risk

7.7 The aim is to manage risk and reduce the impact of any adverse movement in interest rates on the one hand but, at the same time, not setting the limits to be so restrictive that they impair opportunities to reduce costs or improve performance.

Balancing short and long term investments

7.8 Greater returns are usually obtainable by investing for longer periods. While most cash balances are required to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed. During 2022/23 the Council had no investments that exceeded 364 days. This means the Council remains well within the upper limit for such investments of £450m.

Table 11 Investment limits

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Upper Limit for principal sums invested for more than 364 days	0	450	450	450	450	450

Improving investment returns

7.9 An Investment Executive meets to ensure that the Council made best use of its resources and ensure value for money was being achieved in its overall investment strategy. The group contains both Council Members and Officers and meets on a half yearly basis. This is the subject of a concurrent report on this agenda.

8. Summary of prudential indicators (PIs)

8.1 The purpose of prudential indicators (PIs) is to provide a reference point or “dashboard” so that senior officers and Members can:

- easily identify whether approved treasury management policies are being applied correctly in practice and,
- take corrective action as required.

8.2 As the Council’s S151 officer, the Executive Director of Finance and Resources has a responsibility to ensure that appropriate PIs are set and monitored and that any breaches are reported to Members.

8.3 The Executive Director of Finance and Resources has confirmed that the PIs set out below are all expected to be complied with in 2022/23 and does not envisage at this stage that there will be any difficulty in achieving compliance with the suggested indicators for 2023/24.

PI Ref	Paragraph Reference		2021/22 Actual	2022/23 Forecast	2023/24 Proposed
1	5.1	Capital expenditure	£351m	£454m	£438m
2	5.8	Capital Financing Requirement (CFR)	£998m	£1,199m	£1,310m
3	5.12	Net debt vs CFR	£700m underborrowing	£799m underborrowing	£723m underborrowing
4	5.13	Ratio of financing costs to revenue stream	GF 8.17% HRA 35.76%	GF 29.51% HRA 34.62%	GF 12.24% HRA 34.59%
5a	6.12	Authorised limit for external debt	£1,050m	£1,250m	£1,359m
5b	6.12	Operational debt boundary	£298m	£451m	£636m
6	7.3	Working Capital Balance	£0m	£0m	£0m
7	7.90	Limit on surplus funds invested for more than 364 days (i.e. non specified investments)	£18m	£0m	£450m
8	6.14	Maturity structure of borrowing	Upper limit under 12 months: 40% Actual: 20% Lower limit 10 years and above: 35% Actual: 53%	Upper limit under 12 months: 40% Forecast: 0% Lower limit 10 years and above: 35% Forecast: 77%	Upper limit under 12 months: 40% Lower limit 10 years and above: 35%

9. Legal Implications

- 9.1 The Local Government Act 2003 provides that a local authority has the power both to borrow and invest money for any purpose relevant to its functions and for the prudent management of its financial affairs. The Act requires the Council to determine and to keep under review how much money it can afford to borrow. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, provide that, in complying with this duty, the Council must have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA. The Council is also required to have regard to the CIPFA Treasury Management Code of Practice.
- 9.2 The current CIPFA Treasury Management Code of Practice 2017 and the Secretary of State's Investment Code both require the Section 151 officer (Executive Director) to present an Annual Treasury Management Strategy Statement, which includes an Annual Investment Strategy, for the forthcoming year for approval by Full Council before the beginning of each financial year.
- 9.3 The revised CIPFA Prudential Code for Capital Finance in Local Authorities sets out various indicators that are to be used to support capital expenditure plans and treasury management decisions. The prudential and treasury indicators must be set by Full Council when the budget is set and are monitored during the year. The prudential indicators are included in section 8 of this report.
- 9.4 The Council is also required to approve a Treasury Management Strategy Statement setting out the overarching framework for treasury management services within the Council. This statement is set out in sections 5-7 of this report.

10. Appendices

- 1 Annual Investment Strategy
- 2 Minimum Revenue Provision (MRP) Policy
- 3 CIPFA Requirements
- 4 Prospects for Interest Rates and Economic Update

Background papers

Treasury Management Strategy Statement 2022/23 (Approved by Council March 2022)

1. Section 3 Local Government Act 2003
2. Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended
3. DLUHC Guidance on Minimum Revenue Provision (fourth edition) February 2018
4. DLUHC Capital Finance Guidance on Local Government Investments February 2018
5. CIPFA Prudential Code for Capital Finance in Local Authorities, 2017
6. CIPFA Treasury Management Code of Practice, 2017
7. CIPFA Treasury Management Guidance Notes, 2018

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

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ANNUAL INVESTMENT STRATEGY

1. The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves. During the first half of the current year, the Council's average investment balance has been around £783m and the cash flow projections show this pattern is expected to decrease in the forthcoming year. Investments are made with reference to the core balance, future cash flow requirements and the outlook for interest rates.
2. The Council's investment policy has regard to the DLUHC's Guidance on Local Government Investments ("the Investment Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then followed by yield.
3. In accordance with the above guidance and to minimise the risk to investments, the Council applies minimum acceptable credit criteria to generate a list of highly creditworthy counterparties which will provide security of investments, enable diversification and minimise risk. The key ratings used to monitor counterparties are the short term and long term ratings.

Investment returns expectations

4. The central forecast reflects a view that the MPC will be keen to demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened throughout 2022, but the new Government's policy of emphasising fiscal rectitude will probably mean Bank Rate does not now need to increase to further than 4.5%. Further down the road, it is anticipated that the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
5. The suggested budgeted investment earnings rates for returns on investments placed for periods up to approximately three months during each financial year are as follows:

Average earnings in each year	
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Long term later years	2.80%

Investment time limits

6. This limit is set regarding the Council's liquidity requirements and to reduce the need for early sale of an investment. For the year 2023/24, the proposed limit of investments for over 364 days is £450m as set out in table 11 of the TMSS.

Investment policy

7. The Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to assess continually and monitor

the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

8. Other information sources used will include the financial press, share prices and other such information pertaining to the banking sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Creditworthiness policy

9. The primary principle governing the Council’s investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration.

After this main principle, the Council will ensure that:

- it maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security. This is set out in the specified and non-specified investment sections below; and
 - it has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council’s prudential indicators covering the maximum principal sums invested.
10. The Executive Director of Finance and Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Full Council for approval as necessary. These criteria are separate to those which determine which types of investment instrument are either specified or non-specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
 11. Credit rating information is supplied by Link Asset Services, the Council’s treasury advisor. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of the longer term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing.
 12. The Council considers the following relevant matters when proposing counterparties:
 - the financial position and jurisdiction of the institution;
 - the market pricing of credit default swaps for the institution;
 - any implicit or explicit Government support for the institution;
 - Standard & Poor’s, Moody’s and Fitch’s short and long term credit ratings;
 - sovereign ratings to select counterparties from only the most creditworthy countries; and
 - core Tier 1 capital ratios.

13. Changes to the credit rating will be monitored and, in the event, that a counterparty is downgraded and does not meet the minimum criteria specified in Appendix 1, the following action will be taken immediately:
- no new investments will be made;
 - existing investments will be recalled if there are no penalties; and
 - full consideration will be given to recall or sell existing investments which would be liable to penalty clause.

Specified and non-specified investments

14. The DLUHC Guidance on Local Government Investments made under section 15(1) of the Local Government Act 2003, places restrictions 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:

- the investment and any associated cash flows are denominated in sterling;
 - the investment has a maximum maturity of one year;
 - the investment is not defined as capital expenditure; and
 - 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.
15. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. In addition to the long term investments listed in the table at the end of Appendix 1, the following non-specified investments that the Council may make include:
- **Green Energy Bonds:** investments in solar farms are a form of Green Energy Bonds that provide a secure enhanced yield. The investments are structured as unrated bonds and secured on the assets and contracts of solar and wind farms. Before proceeding with any such investment, internal and external due diligence will be undertaken in advance of investments covering the financial, planning and legal aspects.
 - **Social Housing Bonds:** various fund managers facilitate the raising of financing housing associations via bond issues. The investment is therefore asset backed and provides enhanced returns. Officers will need to undertake due diligence on each potential investment to understand the risks and likelihood of default.
 - **Asset Backed Securities (ABS) / Residential Mortgage backed securities (RMBS)** – as these securities by their nature are asset backed, they are regarded as low risk should a default take place, but have a higher return. These are available for direct investment, or as pooled / segregated assets managed by a third party fund manager. In the event of a fund manager option being selected, this would need to be procured through a proper procurement process.

- **Loans:** the Council will allow loans (as a form of investment) to be made to organisations delivering services for the Council where this will lead to the enhancement of services to Westminster Stakeholders. The Council will undertake due diligence checks to confirm the borrower's creditworthiness before any sums are advanced and will obtain appropriate levels of security or third party guarantees for loans advanced. The Council would expect a return commensurate with the type, risk and duration of the loan. A limit of £50 million for this type of investment is proposed with a duration commensurate with the life of the asset and Council's cash flow requirements. All loans will need to be in line with the Council's Scheme of Delegation and Key Decision thresholds levels.
- **Shareholdings in limited companies and joint ventures:** the Council invests in three forms of company:
 - Small scale businesses funded through the Civic Enterprise Fund aimed at promoting economic growth in the area. Individual investments are no more than £0.5m and the aim is for the Fund to be self-financing over the medium-term.
 - Trading vehicles which the Council has set up to undertake particular functions. These are not held primarily as investments but to fulfil Council service objectives. Any new proposals will be subject to due diligence as part of the initial business case. As these are not to be held primarily as investment vehicles, then there is an expectation that they will break even.
 - Trading vehicles held for a commercial purpose where the Council is obliged to undertake transactions via a company vehicle. These will be wholly owned subsidiaries of the Council with the aim of diversifying the investment portfolio risk.
 - Westminster Housing Investment Ltd.

16. For any such investments, specific proposals will be considered by the Tri-Borough Director of Treasury and Pensions, and approved by the S151 Officer after considering:

- cash flow requirements
- investment period
- expected return
- the general outlook for short to medium term interest rates
- creditworthiness of the proposed investment counterparty
- other investment risks.

17. The value of non-specified investments will not exceed their investment allocation. The Council must now formulate a strategy that allocates its cash in the most effective manner to short, medium and long term non-specified investments.

Country of domicile

18. The current TMSS allows deposits/investments with financial entities domiciled in the following countries: Australia, Canada, Denmark, Finland, France, Germany, Luxembourg, Netherlands, Norway, Singapore, Sweden, Switzerland, UK and USA. This list will be kept under review and any proposed changes to the policy reported to the next meeting.

Schedule of investments

19. The criteria for providing a pool of high quality short, medium and long-term, cash-based investment counterparties along with the time and monetary limits for institutions on the Council's counterparty list are in the table below.
20. Officers will monitor the current economic and investment backdrop on the names within the Council's counterparty list.

All investments listed below must be Sterling denominated

Investments	Minimum Credit Rating Required (S&P/Moody's/Fitch)	Maximum Individual Counterparty Investment Limit (£m)	Maximum tenor
DMO Deposits	Government Backed	Unlimited	6 months
UK Government (Gilts/T-Bills/Repos)	Government Backed	Unlimited	Unlimited
Supra-national Banks, European Agencies	LT: AA/Aa/AA	£200m	5 years
Covered Bonds	LT: AA/Aa/AA	£300m	10 years
Network Rail	Government guarantee	Unlimited	Oct 2052
TFL	LT: AA/Aa/AA	£100m	5 years
Greater London Authority (GLA)	N/A	GLA: £100m	5 years
UK Local Authorities (LA)		LA: £100m per LA, per criteria £500m in aggregate	3 years
Local Government Association (LGA)		LGA: £20m	15 years
Commercial Paper issued by UK and European Corporates	ST: A-1/P-1/F-1	£40m per name, £200m in aggregate	6 months
Money Market Funds (MMF)	LT: AAA/Aaa/AAA By at least two of the main credit agencies	£70m per Fund Manager, £300m in aggregate	3 day notice
Ultra Short Dated Bond Funds (USDBFs)	Due Diligence	£25m per fund manager £75m in aggregate	Up to 7 day notice
Collateralised Deposits	Collateralised against loan	£100m	50 years
Social Housing Bonds	Due Diligence	£200m	10 years
Pooled Property Funds	Due Diligence	£200m	10 years
Asset backed securities (ABS) and Residential mortgage backed securities (RMBS)	Asset Backed / Due Diligence	£200m	10 years
UK Bank (Deposit or Certificates of Deposit)	LT: AA-/Aa3/AA- ST: F1+	£75m	5 years
	LT: A-/A3/A ST: F1	£50m	3 years
Non-UK Bank (Deposit or Certificates of Deposit)	LT: AA-/Aa2/AA- ST: F1+	£50m	5 years
	LT: A/A2/A ST: F1	£35m	3 years
Green Energy Bonds	Internal and External due diligence	Less than 25% of the total project investment or maximum £20m per bond. £50m in aggregate	10 years
Rated UK Building Societies	LT: A-/A3/A ST: F1	£10m per Building Society, £50m in aggregate	1 year
Loans to organisations delivering services for the Council	Due diligence	£50m in aggregate	Over the life of the asset
Government Bonds - regulated investment vehicle	AAA/AA only	£50m	Daily pricing
Sovereign approved list (AA- rated and above): Australia, Canada, Denmark, Finland, France, Germany, Luxembourg, Netherlands, Norway, Singapore, Sweden, Switzerland, UK and USA			

Rationale for investment limits

Debt Management Office (DMO): Unlimited. The DMO is an executive agency of His Majesty's Treasury. Being fully UK government backed, the DMO is the ultimate low risk depository. Being ultra-low risk, the investment return is low.

UK Government Gilts/T-Bills/Repos: Unlimited. UK Government gilts are regarded by the market as high quality and ultra-low risk. Being ultra-low risk, the investment return is low.

Supranational Banks, European Agencies: £200m limit. A supra-national bank is a financial institution, such as the European Investment Bank or the World Bank, whose equity is owned by sovereign states. Being owned by overseas states, they are regarded as being low risk, but not in the same safe risk category as UK. The investment return is low.

Covered Bonds: £300m limit. Covered bonds are debt securities issued by a bank or mortgage institution and collateralised against a pool of assets that, in case of failure of the issuer, can cover claims at any point of time. They are subject to specific legislation to protect bond holders. With slightly more risk, the investment return is higher than UK Gilts.

Network Rail: Unlimited. Network Rail is the owner and infrastructure manager of most of the rail network in England, Scotland and Wales. Having a UK government guarantee, they are regarded as being reasonably low risk with a lower investment return.

Transport for London (TfL): £100m limit. Transport for London is a local government body responsible for the transport system in Greater London. Its parent organisation is the Greater London Authority (GLA). Being a GLA owned entity, the investment is regarded as safe and the return is low.

Greater London Authority (GLA): £100m limit. The Greater London Authority is the top-tier administrative body for Greater London, consisting of a directly elected executive Mayor of London and an elected 25-member London Assembly. Being categorised alongside UK local authorities, the investment is regarded as safe and the return is low.

UK Local Authorities: £100 limit per authority, £500m in total. Local authorities have always been regarded as safe counterparties. As an additional safeguard, each new local authority counterparty will be subject to due diligence checks regarding latest accounts, external audit opinion, financial budget projections and financial reputation. There are 326 billing authorities with tax-raising powers in England, consisting of 201 non-metropolitan district councils, 55 unitary authority councils, 36 metropolitan borough councils, 32 London borough councils, the City of London Corporation and the Council of the Isles of Scilly. Additionally, there are levying authorities, consisting of 45 police authorities, 52 fire authorities and six waste disposal authorities. UK local authorities and levying authorities are regarded as safe and the return is relatively low.

Local Government Association: £20m limit. The Local Government Association (LGA) is a charitable organisation, funded largely from subscriptions, which comprises local authorities in England and Wales, representing the interests of local government to national government. Its core membership comprises 335 councils. Despite being an entity which represents local authorities, this entity is not regarded as risk free as local authorities and therefore the limit is lower at £20m.

Commercial Paper issued by the UK and European Corporates: £40m per name, £200m in total. Commercial paper is an unsecured, short term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short term liabilities. Investment is confined to high quality investment grade corporates. The risk and investment return are higher than the sovereign categories.

Money Market Funds (MMF): £70m per manager, £300m in total. Money market funds are open-ended funds that invest in short term high quality debt securities such as Treasury bills and commercial paper.

Ultra short dated bond funds (USDBFs): £25m per manager, £75m in total. Enhanced money market funds increase returns via increasing interest rate, credit and liquidity risk in order to enhance the return. Being well diversified reduces the impact of a single default within the portfolio.

Collateralised Deposits: £100m limit. In lending agreements, collateral is a borrower's pledge of specific property to a lender to secure repayment of a loan, serving as a lender's protection against a borrower's default. Being asset backed, they are regarded as being reasonably low risk should a default take place, but with a higher return.

Social Housing Bonds: £200m limit. Housing associations are increasingly issuing public bonds, secured against social housing assets, to meet financing requirements. This category is greater risk and will provide an enhanced return.

Pooled Property Funds: £200m limit. These are investment vehicles such as mutual funds, commingled funds, group trusts, real estate funds, limited partnership funds, and alternative investments. The distinguishing feature of a pooled fund is that a number of investors contribute money to the fund.

Residential Mortgage Backed Securities (RMBS): £200m limit. A residential mortgage backed security is a pool of mortgage loans created by banks and other financial institutions. The cash flows from each of the pooled mortgages is packaged by a special-purpose entity into classes and tranches, which then issues securities and can be purchased by investors. Being asset backed, they are regarded as being reasonably low risk should a default take place, but with a higher return.

UK Bank Deposits: £75m or £50m per bank. Banks have become a riskier counterparty since the bail outs of Lloyds and RBS. The Financial Services (Banking Reform) Act 2013 confers on the Bank of England a bail-in stabilisation option for the resolution for banks and building societies, ensuring that shareholders and creditors/depositors of the failed institution, rather than the taxpayer, meet the costs of the failure. Despite the bail-in risk, the return on UK bank deposits is relatively low.

Non-UK Bank Deposits: £50m or £35m (Sterling deposits only) per bank. Overseas banks incorporated in the UK provide several options for high quality institutions with returns largely similar to UK banks.

Green Energy Bonds: £20m per bond, £50m limit (subject to due diligence). This comprises of finance for the supply of electricity from renewable energy sources, particularly in areas such as energy storage and electric vehicle networks. This category is greater risk and will provide an enhanced return. Use should be made of regulated markets where available to provide additional investment security and risk reduction.

Rated Building Societies: £10m per building society, £50m limit. Same rationale as UK banks, see above.

Loans to organisations delivering services to the Council: £50m limit. Assessed individually and subject to due diligence. At markets rates of interest and reflecting the risk of the borrower, this will offer an enhanced rate of return.

UK Government Bonds (Regulated Investment Vehicle): £50m limit. The Fund takes a specialised investment approach to fixed income investments, seeking to generate returns from high quality government bonds and related derivatives that are largely independent of the level of bond yields, changes in interest rates and wider market fluctuations. The strategy aims to generate returns by exploiting mispricing occurring when very closely related securities are priced inconsistently with each other.

Minimum Revenue Provision (MRP) Policy

- Capital expenditure is generally defined as expenditure on assets that have a life expectancy of more than one year. The accounting approach is to spread the cost over the estimated useful life of the asset. The mechanism for spreading these costs is through an annual MRP. The MRP is how capital expenditure, which is financed by borrowing or credit arrangements, is funded by Council Tax.
- Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended (Statutory Instrument (SI) 3146/2003) requires full Council to approve a Minimum Revenue Provision (MRP) Statement setting out the policy for making MRP and the amount of MRP to be calculated which the Council considers to be prudent. In setting a level which the Council considers to be prudent, the Guidance states that the broad aim is to ensure that debt is repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits to the Council.
- The Council is recommended to approve the following MRP Statement:
 - For capital expenditure incurred before 1 April 2007, MRP will be calculated using Option 1 (the 'Regulatory Method') of the CLG Guidance on MRP. Under this option MRP will be 4% of the closing non-HRA CFR for the preceding financial year.
 - For all capital expenditure incurred after 1 April 2007 financed from unsupported (prudential) borrowing (including PFI and finance leases), MRP will be based upon the asset life method under Option 3 of the DCLG Guidance.
 - In some cases, where a scheme is financed by prudential borrowing it may be appropriate to vary the profile of the MRP charge to reflect the future income streams associated with the asset, whilst retaining the principle that the full amount of borrowing will be charged as MRP over the asset's estimated useful life.
 - The Council reserves the right to adopt an annuity MRP structure where appropriate to match an assets cash flow.
 - A voluntary MRP may be made from either revenue or voluntarily set aside capital receipts.
 - Estimated life periods and amortisation methodologies 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, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.
 - Charges included in annual PFI or finance leases to write down the balance sheet liability shall be applied as MRP.
 - Where borrowing is undertaken for the construction of new assets, MRP will only become chargeable once such assets are completed and operational.
 - If property investments are short term (i.e., no more than 4 years) and for capital appreciation, the Council will not charge MRP as these will be funded by the capital receipt on disposal
- There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made. For the Council this is componentised based on the life of component and the gross replacement cost within the overall existing use value – social housing of the HRA stock.
 - For commercial properties, MRP is charged on a hurdle rate basis to ensure that the Council's investment return is sufficient to meet MRP and associated borrowing costs.

CIPFA Requirements

The Council has formally adopted CIPFA's Code of Practice on Treasury Management (updated 2017) and complies with the requirements of the Code as detailed in this appendix. There are no changes to the requirements formally adopted in the 2017 update with regard to reporting, these are listed below:

- Maintaining a Treasury Management Policy Statement setting out the policies and objectives of the Council's treasury management activities.
- Maintaining a statement of Treasury Management Practices that sets out the way the Council will seek to achieve these policies and objectives.
- Presenting Full Council with an annual TMSS statement, including an annual investment strategy and MRP policy for the year ahead (this report), a half year review report and an annual report (stewardship report) covering compliance during the previous year.
- A statement of delegation for treasury management functions and for the execution and administration of statement treasury management decisions (see below).
- Delegation of the role of scrutiny of treasury management activities and reports to a specific named body. At Westminster City Council this role is undertaken by the Audit and Performance Committee.

Treasury Management Delegations and Responsibilities

The respective roles of the Council, Cabinet, Audit and Performance Committee and Section 151 officer are summarised below. Further details are set out in the Treasury Management Practices.

Council

Council will approve the annual treasury strategy, including borrowing and investment strategies. In doing so Council will establish and communicate their appetite for risk within treasury management having regard to the Prudential Code.

Cabinet

Cabinet will recommend to Council the annual treasury strategy, including borrowing and investment strategies and receive a half-year report and annual outturn report on treasury activities.

Cabinet also approves revenue budgets, including those for treasury activities.

Audit and Performance Committee

This committee is responsible for ensuring effective scrutiny of the Treasury Strategy and policies.

Section 151 Officer

Council has delegated responsibility for the implementation and monitoring of treasury management decisions to the Section 151 Officer to act in accordance with approved policy and practices. The S151 Officer has full delegated powers from the Council and is responsible for the following activities:

- investment management arrangements and strategy;
- borrowing and debt strategy;
- monitoring investment activity and performance;
- overseeing administrative activities;
- ensuring compliance with relevant laws and regulations;
- provision of guidance to officers and members in exercising delegated powers.

Tri-Borough Director of Treasury and Pensions

Has responsibility for the execution and administration of treasury management decisions, acting in accordance with the Council's Treasury Policy Statement and CIPFA's 'Standard of Professional Practice on Treasury Management'.

Treasury Team

Undertakes day to day treasury investment and borrowing activity in accordance with strategy, policy, practices and procedures.

Training

The CIPFA code requires the S151 officer to ensure that Members with responsibility for making treasury management decisions and for scrutinising treasury functions receive adequate training. The training needs of all officers are reviewed periodically as part of the Learning and Development programme. Officers attend various seminars, training sessions and conferences during the year and appropriate Member training is offered as and when is needed, and suitable opportunities, are identified.

Prospects for Interest Rates

1. The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 8 November 2022. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	08.11.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

2. Our central forecast reflects a view that the MPC will be keen to demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened throughout 2022, but the new Government's policy of emphasising fiscal rectitude will probably mean Bank Rate does not now need to increase to further than 4.5%.
3. Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
4. The CPI measure of inflation will peak at close to 11% in Q4 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market. Wage increases, excluding bonuses, are currently running at 5.7%.
5. The plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening) has begun but will focus on the short to medium end of the curve for the present. This approach will prevent any further disruption to the longer end of the curve following on from the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy.
6. In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. Furthermore, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.
7. On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

Economic Update

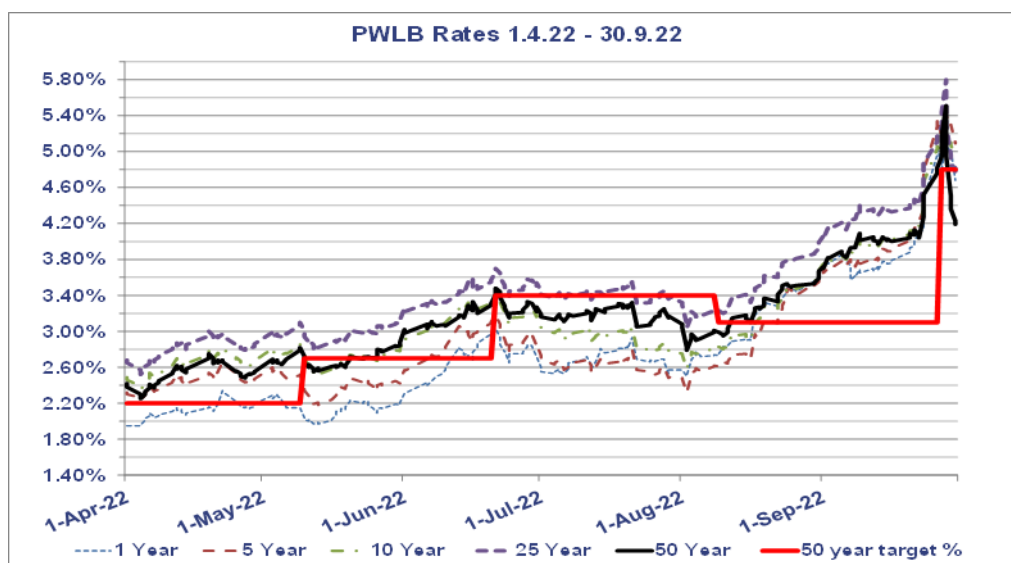
8. Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.
9. Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	3.0%	1.5%	3.75%-4.00%
GDP	-0.2%q/q Q3 (2.4%/y/y)	+0.2%q/q Q3 (2.1%/y/y)	2.6% Q3 Annualised
Inflation	11.1%/y/y (Oct)	10.0%/y/y (Nov)	7.7%/y/y (Oct)
Unemployment Rate	3.6% (Sep)	6.6% (Sep)	3.7% (Aug)

10. Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what is expected to be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.
11. The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at 5.5% - 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22nd February 2022.
12. Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3% in November and the market expects Bank Rate to hit 4.5% by May 2023.
13. Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and December. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal

tightening, although much of the “heavy lifting” has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

14. Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one if not more quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.
15. The pound has strengthened against the dollar of late, recovering from a record low of \$1.035, on the Monday following the Truss government’s “fiscal event”, to \$1.20. Notwithstanding the pound’s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed stamp duty cuts remaining in place.
16. In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



17. However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting ever lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

18. After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.
19. At the start of November, the Fed decided to push up US rates by 0.75% to a range of 3.75% - 4%, whilst the MPC followed a day later by raising Bank Rate from 2.25% to 3%, in line with market expectations. EZ rates have also increased to 1.5% with further tightening in the pipeline. The current Federal Reserve interest rate is 4.25% to 4.50% as of 14 December 2022. Whilst at its meeting ending on 14 December 2022, the MPC voted by a majority of 6-3 to increase Bank Rate by 0.5 percentage points, to 3.5%.
20. Having said that, the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.
21. Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.
22. In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. The question remains whether if and to what extent the £160bn excess savings accumulated by households through the Covid lockdowns will provide a spending buffer for the economy. Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

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City of Westminster

Decision Maker:	Cabinet
Date:	13 February 2023
Classification:	General Release
Title:	Integrated Investment Framework 2023/24
Wards Affected:	All
Policy Context:	To manage the Council's finances prudently and efficiently.
Cabinet Member	Cllr David Boothroyd
Financial Summary:	An Integrated Investment Framework will influence investment decisions going forwards and deliver added value to Council services. This report identifies the potential for future improved returns.
Report of:	Gerald Almeroth, Executive Director of Finance and Resources

EXECUTIVE SUMMARY

1. On 2 March 2022, Full Council gave approval to its previous comprehensive strategic integrated investment framework for bringing together and managing its investments with the approval of an Integrated Investment Framework.
2. The framework referred to targeting an overall return on council investments of at least annual CPI inflation. The 2022/23 financial year has seen a spike in inflationary pressures not seen for 40 years due to several factors, including the invasion of Ukraine, pressure on labour markets, high energy prices, and disruptions to global supply chains. CPI inflation rose to a peak of 11.1% in October 2022 and has since fallen to 10.7% in November 2022. From mid-2023, it is expected to fall sharply as previous price rises drop out of the annual comparison, ultimately heading to below the 2.0% target. Accordingly, it is proposed that the target of matching returns with CPI inflation be linked to medium term inflation forecasts.
3. The Council holds £1.263bn of short-term high grade, cash investments (as at 31 December 2022), managed under the Council's Treasury Management Strategy, which passes through Audit and Performance Committee, Cabinet and Full Council on an annual basis. The Council also owns a significant number of investment properties, currently valued at £463m. It also owns various equity shareholdings, with investments in Westminster Housing Investments Ltd of £38m and investments in a property fund partnership of £28.5m (30 September 2022 valuation). In addition, the Council is responsible for managing the Westminster City Council Pension Fund which has net assets of £1.78bn (30 November 2022 valuation) and operates under the Fund's Investment Strategy Statement (ISS) set by the Pension Fund Committee.
4. The treasury investment portfolio is currently generating a return of 3.00% (at portfolio date 31 December 2022) in the current financial year 2022/23. The investment properties are currently generating around 4.33%, net of direct costs (based on the final accounts for 2021/22). The latest current inflation rate as measured by CPI is 10.7% (as at November 2022), and this must be accounted for alongside the current total portfolio yield.
5. This Investment Framework sets out:
 - the Council's strategic objectives in respect of risk management, and its attitude towards investment risk;
 - current levels of investment activity;
 - an updated Integrated Investment Framework for the Council going forward which seeks to diversify the risk and thus future proof the Council against possible future economic downturns;
 - actions to be taken in connection with implementing this framework.

RECOMMENDATIONS

6. Cabinet is asked to recommend that Full Council:
 - a) approve and implement the Integrated Investment Framework set out in this report;
 - b) approve that the target for the overall return on Council investments should aspire to at least meet forecasts for inflation over the medium term;

- c) approve that the benefits of investing in the Pension Fund should be used as a benchmark when evaluating other investments;
- d) adopt the asset allocation percentage ranges set out in the framework and work towards achieving these;
- e) agree that the overarching objective of this framework is to achieve an overall return on Council investments, matching CPI inflation over the medium term, and to reduce costs and liabilities, while maintaining adequate cash balances for operational purposes, and not exposing the capital value of investments to unnecessary risk;
- f) Agree that assets must only be acquired for strategic purposes. Such prospective acquisitions must be considered individually, with the reasons for investment limited to regeneration or development of the location, or other strategic purposes in which the asset is established. Out-of-borough acquisitions may also be considered by exception;
- g) the Investment Executive to implement, monitor and report on the investment strategy.

INTEGRATED INVESTMENT FRAMEWORK

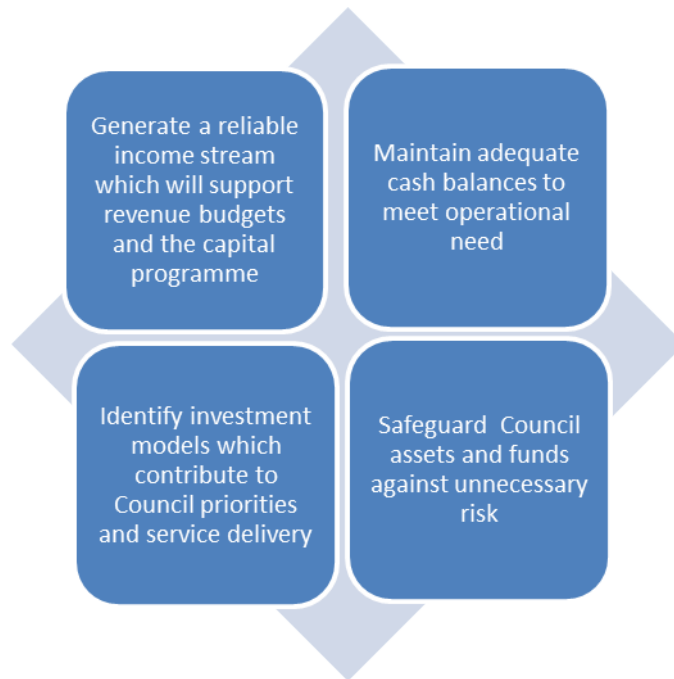
BACKGROUND

7. The Council is responsible for managing its total assets valued at around £3.725bn at 31 December 2022, comprising £1.780bn pension fund (as at 30 November 2022), £1.263bn short-term cash investments, £38m in Westminster Housing Investments Ltd, £28.5m in a property fund partnership and £463m of investment commercial property. It is important that the Council can take a holistic view of its investment and align them with its funding needs and goals. The scale of these figures makes their positive and proactive financial management very important. Investments held as part of the Council's pension fund are managed under a separate regulatory framework and are outside the scope of this report from the point of view of investment management.
8. In previous years, the Council's Investment Strategy formed part of the Treasury Management Strategy Statement (TMSS) which is developed and updated as part of the Council's Medium Term Financial Plan (MTFP). The TMSS has tended to focus on the policies for placing short-term cash investments, while decisions regarding other types of longer-term investment have been considered on an individual basis as opportunities arose.
9. While the assets are distributed across a range of areas, the complexity of the Council and its funding requirements mean that there is a need for the assets to be considered collectively and holistically as, in the aggregate, they represent a very significant pool of resources. More specifically, in view of:
 - the significant value of investments held by the Council;
 - their increasing importance in terms of generating income which supports revenue budgets and capital investment;
 - their potential to add value and contribute towards corporate objectives in their own right,

it was felt appropriate to give this aspect of financial management more detailed consideration and to develop a more integrated approach to investment decision making.

STRATEGIC CONTEXT

10. The Council's key focus is on delivering high quality services within the context of reduced government funding and increased demand for services due to demographic change. The Council also needs to have regard to the longer term, given its moral and legal responsibilities regarding sustainability and stewardship of public assets.
11. The role of investment management is to support service delivery by balancing four key strategic objectives as follows:



12. An appropriate investment strategy which balances the above objectives is therefore key.
13. The Council is exposed to possible future events, such as:
 - the global financial instability resulting from the Russian invasion of Ukraine is likely to continue to pose various challenges;
 - supply chain issues in the short term which will likely continue to contribute to lower UK and global GDP growth rates;
 - short-term inflation pressures: the CPI inflation rate was 10.7% in November 2022 and will likely remain relatively high in the short-term, and;
 - continuing pressures on local authority expenditure and service revenue streams.
14. Ideally, the investment strategy should be aimed at generating future income to mitigate against these risks and seek medium and longer term stability with the Councils finances.

ACCEPTABLE RISK LEVELS

15. An appropriate investment strategy which balances the above objectives consists of one which:
 - focuses on investments with a reasonable return based on reasonable risk;
 - includes other Treasury opportunities not covered in the TMSS; and
 - investigates commercial property where regeneration or area redevelopment is the primary purpose of acquisition.
16. The suggested policy going forward is that the Council will generally seek to obtain the maximum amount of income consistent with an optimum level of risk and will be willing to accept a lower level of income in exchange for a lower risk product which does not expose the capital value of the investment to future potential loss.

17. By more proactive and appropriate management of the Council's investment portfolio, an increased level of income can be achieved, while also ensuring that appropriate security is maintained over the Council's assets.
18. Such investments shall be separately identified in Council records and will be subject to the Council's detailed budget monitoring and review as a result.
19. Guidance from the Department of Levelling Up, Housing and Communities (DLUHC) and CIPFA places a high priority on the management of risk. The Council has adopted a careful and prudent approach to the investment process.

CURRENT INVESTMENT ACTIVITY

20. The Council is responsible for managing five investment portfolios:
 - the Council treasury investment portfolio of £1.263bn short-term cash-based investments generating a return of 3.00% as at 31 December 2022;
 - long-term investments in shareholdings, such as Westminster Housing Investments Ltd, portfolio value £38m, with an expected return of 5%;
 - a property fund partnership lettings fund £28.5m (book cost £29.6m) with a long-term expected rate of return of 6.0%;
 - the investment property portfolio of £463m (valuation at 31 March 2022), currently generating a net of costs return of 4.33%, and;
 - Westminster City Council Pension Fund of £1.780bn (valuation at 30 Nov 2022), with an assumed long-term investment return of 4.8%.
21. The Council investment portfolio (excluding the pension fund) is set out below.

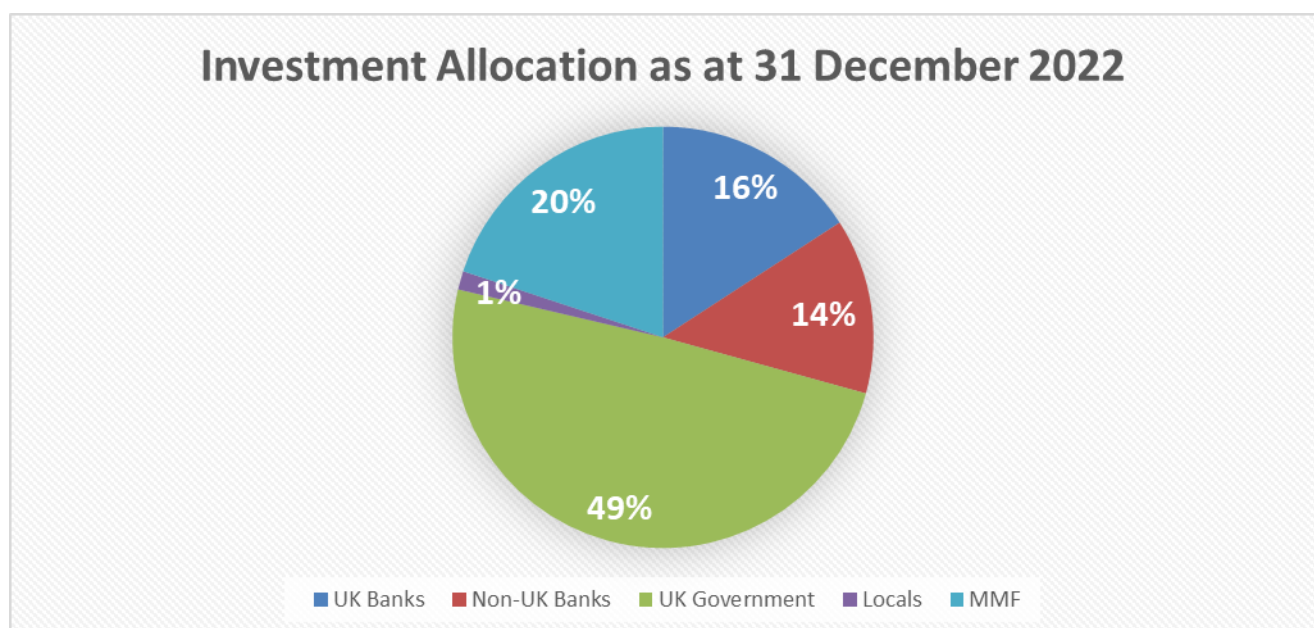
Type of Investment	Expected rate of return	Value at 31 December 2022 £ million	Value at 31 March 2022 £ million
Short term investments (mostly overnight cash deposits, money market etc.)	Between 2.5% and 3.5% in financial year 2022/23	£1,263	£383.4
Long term investments in cash-based investments, shareholdings and controlled companies	5% Average	£38.5	£55.9
Property Fund Partnership (Lettings Fund)	6% average over 7 years	£28.5	£27.7
Investment properties	4.33%	£463	£463
Total		£1,793	£930

22. Throughout 2022/23 the Council has received several large deposits. These included a forward loan agreed in 2019/20 totaling £150m, non-domestic rates of £92m, and £30m in special project receipts. Additionally, the Council will be making a section 31 payment of £439m before the end of the financial year 2022/23, which will significantly reduce the total cash balance.

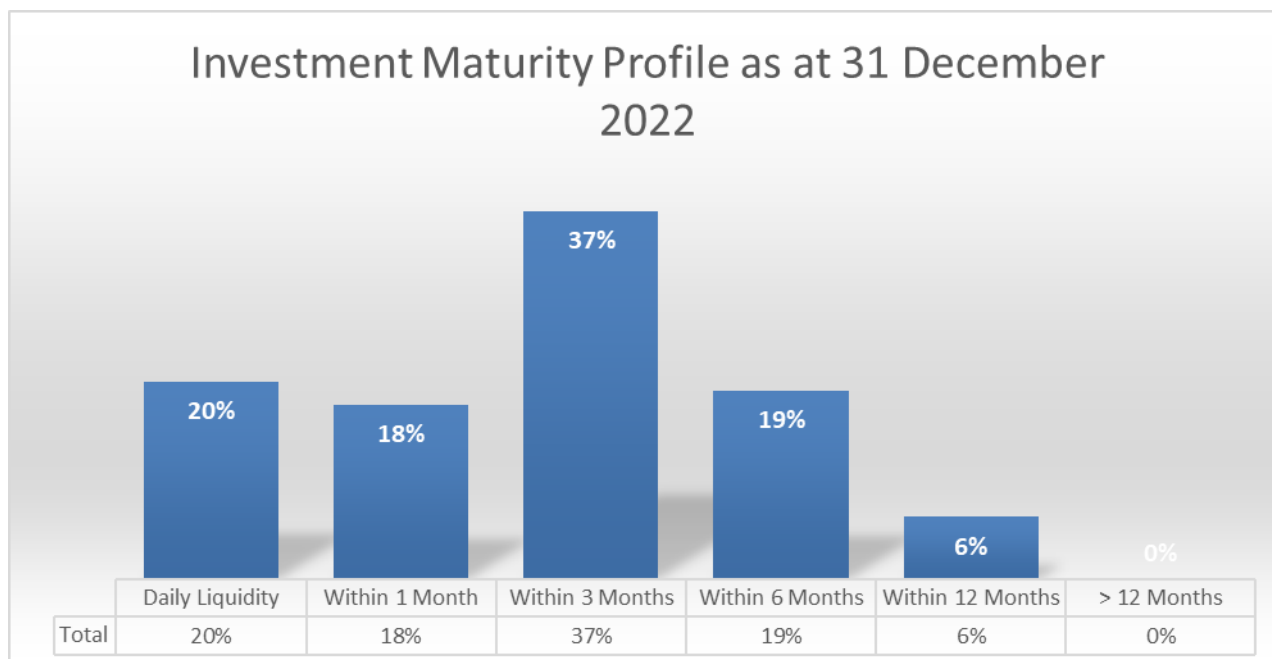
23. The Pension Fund is a separate legal entity and, therefore, its assets cannot fit within the wider investment framework of the Council. However, despite this ring-fencing, the pension fund has a significant second order impact on the Council's financial position and funding needs because of the possibility of future deficits in the scheme, and the contribution plan that would be required to close any future deficit.
24. Following the 2019 triennial actuarial valuation, as performed by Barnett Waddingham, the funding level for the Westminster City Council Pension Fund rose to 99.0% (80.0% in 2016). The Council, as an employer, had a funding level of 86% in 2019, with deficit recovery payments of circa £103m committed to the Pension Fund during 2021/22. The 2022 valuation as performed by Hymans has resulted in a funding level for the Westminster City Council Pension Fund of 128%. The Council, as an employer, had a funding level of 111% in 2022, with no deficit recovery payments required from 1 April 2023.
25. Hymans' approach to the actuarial assumptions is broadly in line with the previous Barnett Waddingham valuations.
26. The main drivers for this funding improvement are the significant investment returns and additional deficit recovery payments received from the Council.
27. The real discount rate, a proxy for the real investment return, is anticipated to remain stable at 4.8%. The discount rate is set with reference to the likelihood of the Fund's investment return achieving a certain level of return over the next 20 years. The actuarial analysis suggests a long-term trend of 1.5% annual improvements in longevity, when adjusted for the LGPS this leads to a reduction in liability values. The Council's primary contribution rate for the next three years will remain at its current rate of 16.8%.

SHORT-TERM INVESTMENTS

28. In line with the current investment strategy, the treasury portfolio of short-term cash-based investments with 30% bank-based deposits, 1% in local authorities, 20% in money market funds and 49% in the Debt Management Office and Treasury Bills as shown below.



29. Most treasury managed investments currently mature within three months as set out below:



30. In line with the above, the portfolio is entirely investment grade and heavily biased toward the top end with 20% of investments rated AAA, 11% rated AA, 18% rated A and 51% being local authority and UK government. Local authority investment is subject to due diligence on recent financial statements, external audit reports, current expenditure forecasts and current/anticipated position regarding useable reserves.
31. This approach provides flexibility for the Council at low levels of risk, but tends to result in lower returns, currently around 3.00%, and an approach to investment management which focuses on capital security and liquidity. The various BoE Bank Rate increases throughout 2022 will result in significant improvements in the final figures for investment performance for 2022/23 compared with the previous year.
32. The Base Rate is currently at 3.5% with a slight further upward trajectory predicted, which will earn the Council upwards of £20m treasury income in 2022/23. The Base Rate is projected to fall as CPI inflation falls back towards its target of 2.0% and investment income in 2024/25 and beyond will fall accordingly as the Base Rate falls and cash balances reduce.

INVESTMENT PROPERTY

33. Commercial property investment provides the Council with:
- a higher income return than equities, bonds or cash;
 - a secure, regular income with income growth prospects to hedge against inflation;
 - capital value appreciation;
 - asset management opportunities to further increase rental and capital growth, and;
 - an underlying real asset with minimum capital value.

34. However, as with any investment, there are associated risks:
- illiquidity: property is a 'bricks and mortar' asset which takes time to sell/buy;
 - threat to income security if the tenancy fails and the property cannot be re-let;
 - capital depreciation: if the asset is not properly managed and kept in good repair, and;
 - fallout from current economic downturn: resulting in rental default and lower market rentals.
35. Geographically, the investment property portfolio is inevitably concentrated within the city, which thus concentrates the economic risk in one area. We begin 2023 in the midst of a second economic contraction in three years, with high inflation and rising interest rates putting downward pressure on growth, creating a challenging environment for property. Higher debt costs are expected to result in lower investment volumes. Though investment volume has been low, prime commercial property yields are currently ranging from 4-4.5% in central London to 8-9.00% in the regions. In-house investment property generated 4.33% yield net of costs (excluding capital growth) in 2021/22 and annual valuations are currently being undertaken.
36. In its Q3 2022 UK Commercial Property Survey, the RICS reports an aggregate net balance of -10% for tenant demand, a significant deterioration from the +17% in the Q2 survey and +32% in Q1. Occupier demand fell for both retail and office space, with balances of -37% and -22% respectively. Overall, the commercial market remains characterised by a dearth of the quality supply that occupiers now require in sectors such as offices (key city centres), last mile delivery and distribution warehousing.
37. Commercial property investment purchases in Q4 2022 (excluding student housing) totalled £6.885 billion in Q4 2022, 38% down quarter on quarter, 68% year on year and 47% below the five-year quarterly average. This brings the rolling annual total to £50.4 billion which, thanks to a strong first quarter of 2022, is just 8% below the five-year quarterly average.
38. The industrial and office remained the most invested-in sectors, although the office sector recorded the sharpest decline quarter on quarter in Q4 of -69%.
39. Currently, the property investment portfolio is heavily fragmented due to its historical incremental build-up with a concentration in alternative assets (largely car parks) which generates 24.47% of total income, with offices generating 28% (albeit 34% of this is a single tenant at City Hall), retail generating 20%, industrial generating 8% and residential generating 13%. The car park assets, which provide a steady income stream, offer value added opportunities through potential change of use and redevelopment over time.
40. A budget of £93m is included in the Capital Programme for strategic investments and acquisitions that will support the Council's regeneration aims and generate additional revenue income. Schemes funded by this will go ahead only if they meet the Council's strategic aims and are considered a sound and prudent investment after full due diligence.

41. The Council is focused on delivering best returns from the portfolio and acquiring new assets and redeveloping existing assets will help to achieve this. The property investment strategy is focused around three elements:

- **driving income from the current portfolio** - the aim is to increase the portfolio by 2% per annum in net income terms (excluding new acquisitions). This will be achieved through a proactive asset strategy, enabling long-term deals to be agreed that benefit income outside regular lease events, as well as maximising increases from regular rent reviews;
- **streamline and future proof the current portfolio** - this will involve reviewing poorer performing assets and considering disposal (where there is no broader justification for holding them) and a long-term strategy for car parks. In addition, there will be investment into the portfolio where there are opportunities to generate further income;
- **invest in new commercial properties within Westminster** - general principles for investment are detailed below. All investment proposals will be reviewed on a case by case basis in the acquisition process, so not all the principles will need to be achieved for an investment to be made:
 - investment should primarily be focused on strategic fit and focused on the Council's long-term regeneration and economic objectives;
 - investments should consider possible diversification of the portfolio, with a meaningful and valid interpretation of what that means post-Covid for the market;
 - all assets acquired must be within Borough unless strategic opportunities arise with regard to adjacent, out-of-borough holdings;
 - new investments should consider yields of 4-5% over the short to medium term, and;
 - investment assets should not be acquired primarily for the purpose of generating yield (see para 57).

LONG-TERM INVESTMENTS

42. Prior to 2004, Councils were only permitted to make loans to, or invest in, other local authorities, the Government, banks or building societies. The introduction of the Prudential Code relaxed these restrictions and gave local authorities the flexibility to invest in more innovative methods of service delivery and income generation by:

- establishing, controlling and participating in limited companies trading for a commercial return, and;
- entering into loans and investments with "non-specified" counterparties, including limited companies and not-for-profit organisations.

43. These are classed as non-specified investments under DLUHC statutory guidance for local government investments.

44. No general legal restrictions are placed on the value, length or nature of such investments and the only proviso is that investments are placed in accordance with investment strategies formally approved by members. The Council's TMSS expressly permits new investments in non-specified institutions, subject to the new ruling that investment assets must not be transacted primarily for yield. For all transactions, specific proposals will be considered by the Tri-Borough Director of

Treasury and Pensions and approved by the S151 Officer, subject to due diligence and compliance with all rules and regulations.

45. Non-specified investments include asset vehicles, such as infrastructure and housing, which offer additional possibilities. Such assets can contribute to corporate priorities and improve service delivery. They also provide portfolio diversification and can offer more flexibility in terms of length of investment and timing of drawdowns.
46. Such investment is becoming more common in local government with authorities investing in projects to increase low cost and affordable housing, improve transport infrastructure, and support sustainable energy programmes as well as pooled property or equity investments, venture capital funds to support new and growing businesses, bond issues and unit trusts.
47. Such investments typically offer a higher risk adjusted return. However, they also tend to carry more complex risk profiles and attract higher transaction/due diligence costs and are unlikely to have a published unit price or credit rating. The onus therefore falls on the Council to make its own evaluation (with consultant support) of the investment and before any decision to proceed.
48. The Council's current portfolio of non-specified investments is:

	Value at 31 December 2022 £ million	Value at 31 March 2022 £ million	Expected return
Loans and Equity Holdings set up to meet strategic service and policy initiatives	£38.5	£55.9	Average yield of 5%. Profits are expected to be reinvested.
Property Fund Partnership (Real Lettings Fund)	£28.5	£27.7	Annualised 6% over seven-year life of fund
LGA long term loan	£19.0	£20.0	3.13%
Total	£86.0	£103.6	

49. By increasing its holdings in this area, the Council could reduce its reliance on the banking sector and facilitate the move towards a more long-term investment profile, as discussed below.
50. Identifying and investigating individual investment opportunities across multiple markets can be both time consuming and expensive. Such opportunities will be fewer as a result of the new PELB rules concerning investment primarily for yield.

LIABILITIES AND CASHFLOW NEEDS

51. To assess appropriate changes to the treasury portfolio, it is important to consider also the Council's liabilities and cashflow needs over time. This is imperative as the purpose of investment of assets is to better match upcoming cashflow needs, and to minimise funding gaps.
52. The Council has a significant capital programme that totals £2.740bn to 2036/37. This will be funded from £1.363bn of income, leaving a net funding requirement of £1.377bn. Thus, the need to take liquidity into account, to avoid unnecessary borrowing, is extremely important.

INVESTMENT ALLOCATION

53. The Council's investment portfolio is currently allocated between liquid cash based short-term investments, longer-term cash investments for the intention of generating enhanced yield and commercial property, pension investments and equity shareholdings which tend to be held for perpetuity or at least 20 years or more.
54. Achieving liquidity and the necessary cashflow to manage revenue and capital commitments does require a reasonable allocation of short-term investments, with over 95% of the cash portfolio maturing within 12 months regarded as reasonable.
55. Therefore, the proposed approach going forward is to move investment allocations towards proposals in Table 60, facilitating liquidity in an achievable manner:

INVESTING PRIMARILY FOR YIELD

56. Under the Public Work Loans Board (PWLB) framework, the Council will need to submit its three-year capital plan to the PWLB and classify under different areas of spend, as listed below, with classification the responsibility of the S151 officer. Any monies lent by the PWLB would also need to be classified under the following areas of spend:
 - Service spending
 - Housing
 - Regeneration
 - Preventative action
 - Treasury Management: refinancing and externalisation of internal borrowing
57. Under the PWLB criteria, it is stipulated: "Local authorities must not pursue a deliberate strategy of using private borrowing or internal borrowing to support investment in an asset that the PWLB would not support and then refinancing or externalising this with a PWLB loan."
58. On transacting a PWLB loan, the S151 officer is required to confirm that the local authority is not borrowing in advance of need and does not intend to buy investment assets primarily for yield. When applying for a new PWLB loan, the Council will be asked to confirm that the latest plans submitted remain current and the assurance that they do not intend to buy investment assets primarily for yield remains valid.
59. The PWLB guidance defines investment assets bought primarily for yield as:
 - buying land or existing buildings to let out at market rate;
 - buying land or buildings which were previously operated on a commercial basis, which is then continued by the local authority without any additional investment or modification, and;
 - buying land or existing buildings, other than housing, which generate income and are intended to be held indefinitely, rather than until the achievement of some meaningful trigger, such as the completion of land assembly.

INVESTMENT ALLOCATION TARGETS

60. The following investment allocation targets are in place.

Type of investment	Allocation
Short-term investments – under six months	33 to 37%
Short-term investments – over six months less than one year	4 to 6%
Short-term investments – > one year < two years	5 to 7%
Short-term investments – > two years < three years	1 to 2%
Short-term investments – > three years < four years	1 to 2%
Short-term investments – > four years < five years	2 to 3%
Property	42 to 48%
Alternative investments	3 to 4%
Total	100%

FACTORS IN INCREASING YIELD

61. This has been partially achieved with the following ambitions set out in the TMSS. However, the requirement for security of capital and liquidity will remain paramount.

Change	Current situation	Risk	Progress made in 2022/23
Treasury Management			
Recent CPI inflationary pressures have led to a bank rate increase to 3.5% in December 2022, with further rises expected in the first six months of 2023.	Financial institutions are now offering favourable rates versus recent pricing, which the Council has been able to capitalise on.	There must be a balance struck which leaves adequate liquidity for the Council and an optimal amount of cash placed on deposit: too much cash invested early may not enable officers to take early advantage of future interest rate rises in 2023.	The Treasury operation is now improving the portfolio with higher rates as existing deals mature and new deals are transacted.
Investment property			
Adopt a more focused property investment strategy by reducing the number of properties and increasing the lot size to increase efficiency and reduce the cost of management and maintenance. A key objective is the acquisition of suitable properties which will assist in the unlocking or enhancement of regeneration schemes, or the achievement of other strategic benefits	Increased net return target of 4-5%	Adverse property markets may result in a fall in sale values.	There were two significant purchases completed in 2022. With a total outlay of c. £25m (including costs). The current market conditions are likely to create further opportunities during 2023 as organisations struggle with rising costs.

Change	Current situation	Risk	Progress made in 2022/23
<p>(not necessarily financial) for the Council.</p> <p>Given the added illiquidity of property investment, this makes sense only if properties meet the strategic aims of the Council and can achieve higher yields than the Treasury portfolio and meet other objectives, such as reducing risk (e.g., CPI inflation) or helping meet statutory duties. Therefore, new acquisitions should be driven by strategic objectives and target a return of around 4-5%.</p>			
<p>Expanding the use of fund structures to deliver specialist functions such as supported living housing, homeless shelters, asylum housing, etc. This would meet statutory duties and generate a return.</p>	<p>Yields from public social housing real estate investment trusts (REITs), such as the Real Lettings Fund, in which the Council is currently invested, are generating returns of 6%. CCLA is an established provider of a property fund for local authority treasury investment.</p>	<p>By using a pooled fund structure, this arms-length approach distances the Council from the costs of directly managing such property and investment is secured on the underlying properties within the pooled structure.</p>	<p>During implementation, consideration will be given to additional transaction costs (which may be bid/offer on entry and exit), as well as high management fees and/or the underlying costs of such investments.</p>
<p>Alternative assets</p>			
<p>These fall outside traditional investments, such as listed equities and bonds, and include renewable energy pooled funds, infrastructure and commodities.</p>	<p>The TMSS includes various non-cash options in the schedule of investments that are permissible.</p>	<p>Permanent loss of capital and/or poor investment performance.</p>	<p>These transactions have traditionally been considered too high risk for the treasury portfolio. However, allowable options open to the Council in the TMSS include various fixed income funds. Pooled property funds as a potential investable asset are allowed in the TMSS.</p>
<p>Pension Fund</p>			
<p>Pension Fund to maintain surplus as reported in the 2022 Actuarial Valuation to remain fully funded in</p>	<p>An interim fund valuation will be carried out as a comparator in March 2023 to give a notional funding level.</p>	<p>Continuation of volatile financial markets in UK and abroad.</p>	<p>The Council paid off its own employer deficit during 2022, with a final payment of £80m now made. The 31 March</p>

Change	Current situation	Risk	Progress made in 2022/23
the medium to long term.			2022 funding level for Westminster City Council (as a single employer) stands at 111%, improving from 86% previously in the 2019 valuation.

SCRUTINY

62. The Investment Executive meets to discuss monitoring reports on a regular basis. The Executive contains both Council Members and Officers.

OVERALL INVESTMENT TARGET

63. The overarching objective of this framework is to move towards increasing income generated from Council investments aspiring to go some way to matching inflation over the medium term, while maintaining adequate liquid cash balances for operational purposes and not exposing the capital value of investments to unnecessary risk.

GOVERNANCE

64. Innovation within the financial services industry leads to a constantly changing market and the availability of new asset classes, products and financial instruments. The Council needs to be able to operate more flexibly, and make decisions more quickly, to benefit from the opportunities presented by this environment and to successfully implement the changes outlined above. As highlighted in the table at para 57, there are non-cash investments options as an alternative investment for the Council's treasury cash, subject to further due diligence and formal approval.
65. The implementation, management and reporting of this Integrated Investments Framework will be approved by Full Council with specific investment decisions that require such action being delegated to the Cabinet Member for Finance and Council Reform, after due diligence and advice from the Executive Director of Finance and Resources and the Tri-Borough Director of Treasury and Pensions.
66. Day-to-day aspects of treasury management function will continue to be delegated to officers in the same way that they are at present, but the Integrated Investment Framework will:
- enhance the effectiveness of decision making;
 - embed a good risk culture that encompasses appropriate due diligence, option appraisal and an atmosphere of openness;
 - ensure that a holistic approach is taken towards managing the Council's portfolio.
67. The implementation, monitoring and reporting will continue to be delegated to the Investment Executive. The Investment Executive will comprise:
- the Cabinet Member for Finance and Council Reform and the Chairman of the Audit and Performance Committee;

- the Executive Director of Finance and Resources, Tri-Borough Director of Treasury and Pensions, and the Director Property and Strategic Asset Management;
- the Chief Executive and the Executive Director GPH as necessary.

68. Key information will be reported to Members through the investment reports. There is also a weekly treasury monitoring report sent to the Section 151 officer and other senior finance officers.

69. Given the complexity of this important area, the Council will need to rely on independent experts and advisors. The Council currently engages two investment advisors who:

- provide advice on the current investment market and recommend new products in which to invest, and;
- benchmark the Council's performance and identify any areas where there is scope for improvement.

DUE DILIGENCE

70. Due diligence is any process undertaken to:

- investigate a business or person prior to signing a contract;
- record the reasons behind an investment decision, and;
- demonstrate that the Council is acting responsibly and has adequately assessed the balance between risk and reward.

71. Due diligence should be undertaken on all investments in a consistent manner, albeit proportionate, in terms of the value and complexity of the financial instruments being considered, and their relative impact on the Council's finances.

72. For a simple instrument such as a corporate bond, for example, a few paragraphs summarising risks and expected rewards, together with analysis from an advisor would suffice. A more complex product might require specialist assistance, comprehensive risk analysis and work undertaken to monitor and re-assess risks and performance regularly.

73. The Council has developed a framework for undertaking due diligence which promotes consistency and rigour whilst, at the same time, allowing for flexibility and a proportionate approach. It is based around the "6 Ps" principle as set out in Appendix A.

74. Whilst this framework does not rule out in principle any specific type of investment, all proposals will be considered in terms of:

- reputational risk to the Council, and;
- environmental, social, ethical and sustainability considerations.

OPTION APPRAISAL

75. An important aspect of due diligence is assessing the value for money offered by a new investment. Option appraisal will be undertaken for all new investments as part

of the due diligence process, on a proportionate basis that reflects investment value, expected duration, and anticipated level of risk. It will be:

- strategic outcome focused;
- structured around the key questions set out in Appendix B, and;
- take non-financial benefits into consideration where relevant.

76. Option appraisal should focus on the opportunity costs of the investment and a comparison against returns offered by other products or opportunities realistically available, rather than achievement of a “theoretical” rate of return.

FINANCIAL AND LEGAL IMPLICATIONS

77. This report identifies the potential for improved returns, aspiring to going some way to matching CPI inflation over the medium term. Approval and implementation will result in an integrated framework for managing the Council’s investment portfolio which supports improved returns and a more effective contribution to Council priorities and services.

BACKGROUND PAPERS

Council

2022/23 Treasury Management Strategy

2021/22 Statement of Accounts

Savills State of the Market Report

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

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APPENDIX A – DUE DILIGENCE FRAMEWORK

1. The Council has developed a framework for undertaking due diligence which promotes consistency and rigour whilst at the same time allowing for flexibility and a proportionate approach. It is based around the “6 Ps” principle as set out below:

Powers

- a) What legal powers is the Council relying on to make the investment being proposed;
- b) Has legality been considered in terms of the underlying nature of the activity, as well as the instrument or vehicle itself?
- c) Have capital financing and MRP requirements been considered?

Permission

2. Does the Council need permission from the Secretary of State or anyone else before progressing this investment e.g.,
 - a) Members – and if so who (committee with delegated authority, cabinet or full Council)
 - b) Chief Officer if delegated decision-making powers apply
 - c) Consultation with the public or staff may be a legal requirement
 - d) Does the proposal involve legal negotiations with a contractor or 3rd party?

Policy

- a) Does the proposal fit within the Council’s policy objectives in terms of what it is trying to achieve?
- b) If not does the proposal need to go to Full Council for approval?

Payment

- a) How is the proposal to be funded both in terms of initial and ongoing costs (i.e. is there a budget – revenue and capital)

Procurement

- a) Has the proposal been subject to the Council’s procurement procedures?
- b) Does it need to go through formal tendering or does it need a waiver?
- c) Are there any State Aid or EU implications?

Press

- a) Might the Council be exposing itself to criticism?

3. Whilst not all of the above considerations will apply to every investment scenario, this framework will be applied in principle to every investment proposal, with results reported to Members for consideration.

APPENDIX B – OPTION APPRAISAL

1. Option appraisal should be structured around the following questions:

Key questions	Issues to consider
How is the proposal to be funded in terms of initial and ongoing costs?	Is there an existing budget or is virement required? Does the proposal provide any added value to the Council in terms of improved efficiency, budget savings or reduced costs?
What is the opportunity cost of using up these cash resources?	What is the expected length of the investment period? What additional costs are there (transaction costs, due diligence etc.) in addition to the capital investment itself? Does the expenditure count as a capital transaction under capital accounting regulations? If so what are MRP/CFR implications? * Is there an exit strategy? Will this involve additional costs? Is there a risk of permanent impairment in the capital value of the investment?
Does the proposal link to corporate objectives and statutory services?	If so how does it compare to the cost of achieving similar outcomes? Will this delivery option increase or decrease outcome or cost risk?
Is the proposal solely to generate income?	What key assumptions and sensitivities are contained in the financial model? * What are best, worst and medium case scenarios? How do these compare to other investment opportunities within the same investment allocation?
What transaction, professional and management costs need to be considered?	Consider for example: Independent advice and “experts” Legal fees/stamp duty Tax, audit, accountancy, secretarial Officer time in attending meetings etc.

* To promote consistency when evaluating potential investments, any MRP set aside requirements for property or alternative investments will be calculated using the annuity method rather than on a straight-line basis.

APPENDIX C - Prime yields for commercial property

	November 2021		October 2022		November 2022	
West End offices	3.25%		3.75%		3.75%	
City offices	3.75%		4.25%	↑	4.25%	↑
South East offices	5.50%	↓	6.00%	↑	6.00%	↑
Provincial offices	4.75%		5.50%	↑	5.75%	↑
High street retail	6.50%		6.50%	↑	6.50%	
Shopping centres	7.50%	↓	8.00%	↑	8.00%	↑
Retail warehouse (Open A1)	5.50%		5.75%	↑	5.75%	
Retail warehouse (Restricted)	5.75%		6.00%	↑	6.00%	
Foodstores (OMR)	4.50%		5.50%		5.25%	
Industrial/Distribution (OMR)	3.25%		5.00%	↑	5.00%	
Industrial multi-lets	3.25%	↓	5.00%	↑	5.00%	
Leisure parks	7.50%		7.50%	↑	7.50%	↑
London leased (core) hotels	3.50%		4.75%		4.75%	
Regional pubs (RPI)	5.25%		5.75%		5.75%	

Source: Savills Research

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