



City of Westminster

Committee Agenda

Title: **Overview and Scrutiny Committee**

Meeting Date: **Thursday 5th October, 2023**

Time: **6.30 pm**

Venue: **Rooms 18.01-03, 18th Floor, 64 Victoria Street, London, SW1E 6QP**

Members: **Councillors:**

Angela Piddock (Chair)	Tim Mitchell
Concia Albert	Rachael Robathan
Lorraine Dean	Jason Williams
Paul Fisher	



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

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

If you require any further information, please contact the Committee Officer, Clare O'Keefe, Lead Policy and Scrutiny Advisor.

**Email: cokeefe@westminster.gov.uk
Corporate Website: www.westminster.gov.uk**

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

AGENDA

PART 1 (IN PUBLIC)

1. MEMBERSHIP

To note any changes to the 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 Westminster Scrutiny Commission meeting held on 22 June 2023.

(Pages 5 - 12)

4. WORK PROGRAMME 2023-2024

To discuss and shape the Committee's work programme for the municipal year 2023-2024.

(Pages 13 - 20)

5. POLICY AND SCRUTINY COMMITTEE UPDATES

To receive verbal updates from the Chairs of the Policy and Scrutiny Committees.

6. FAIR TAX AND ECONOMIC CRIME IN WESTMINSTER

To review progress made towards the Fair Tax Pledge and the Westminster Against Dirty Money campaign, as well as provide an opportunity for the Committee to make recommendations and steer the direction of the schemes.

(Pages 21 - 28)

7. BUDGET SCRUTINY TASK GROUP UPDATE

To receive an update on the new process of the Budget Scrutiny Task Group and the terms of reference.

(Pages 29 - 36)

8. SCRUTINY IMPROVEMENT TASK GROUP UPDATE

To receive a verbal update on the progress of the Scrutiny Improvement Task Group.

Stuart Love
Chief Executive
27 September 2023

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CITY OF WESTMINSTER

MINUTES

Westminster Scrutiny Commission

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Westminster Scrutiny Commission** held on **Thursday 22nd June, 2023**, Rooms 18.01-03, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Concia Albert, Lorraine Dean, Paul Fisher, Tim Mitchell, Angela Piddock (Chair), Mark Shearer (virtual) and Jason Williams.

Also Present: Councillor Adam Hug (Leader of the Council), Stuart Love (Chief Executive), Ian Parry (Centre for Governance and Scrutiny) (virtual), Richard Cressey (Head of Governance and Councillor Liaison) and Clare O'Keefe (Lead Policy and Scrutiny Advisor).

1. ELECTION OF CHAIR

1.1. Nominations for the post of Chair were invited.

1.2. One nomination was received by Councillor Paul Fisher.

1.3. This nomination was seconded by Councillor Tim Mitchell.

1.4. There were no further nominations.

1.5. **RESOLVED:**

That Councillor Angela Piddock be appointed Chair of the Westminster Scrutiny Commission.

2. MEMBERSHIP

2.1. The Chair extended her thanks to her predecessor, Councillor Patricia McAllister.

2.2. The Chair welcomed Councillors Concia Albert, Lorraine Dean and Tim Mitchell to the Commission.

2.3. The Commission noted that Councillor Mark Shearer was attending as substitute for Councillor Rachael Robathan.

3. DECLARATIONS OF INTEREST

3.1. There were no declarations of interest.

4. MINUTES

4.1. The Commission approved the minutes of its meeting on 3 May 2023.

4.2. RESOLVED:

That the minutes of the meeting held on 3 May 2023 be signed by the Chair as a correct record of proceedings.

5. POLICY AND SCRUTINY COMMITTEE UPDATES

5.1. The Commission received a verbal update from the Chair of the Communities, City Management and Air Quality (CCMAQ) Policy and Scrutiny Committee, Councillor Williams. The Commission was updated on the following:

- At the last meeting of the CCMAQ Committee, Members received updates from the Cabinet Members. The Committee discussed a mental health pilot within the Anti-Social Behaviour Team and dog fouling.
- Superintendent Beth Pirie (Central West Basic Command Unit), attended the meeting and answered questions on joint working between the Council and police, issues around Stop and Search, data, and how Global Majority residents are treated.
- The Crime and Disorder item also considered the police's policy when dealing with mental health calls and the impact on Council services and emergency services.
- The Committee received an update on parking and discussions included the use of mobile phones and apps to pay for parking and debt chasing.

5.2. The Commission received a verbal update from Councillor Fisher for the Finance, Planning and Economic Development (FPED) Policy and Scrutiny Committee. The Commission was updated on the following:

- The Chair of the FPED Committee stated that the planned meeting had been moved by one week and put his apologies on record to the Chief Whips for both Groups. The rescheduled meeting was held on 14 June.
- The Cabinet Member Updates received by the Committee were noted as understandably limited because of the short amount of time between the previous Committee meeting.
- The Committee held detailed discussions on the Meanwhile Activations Programme which included filling vacant properties on Oxford Street as well as the next phase of the project which focuses on longer-term experimental projects.
- The meeting was noted as being productive.

5.3. The Commission received a verbal update from the Chair of the Climate Action, Housing and Regeneration (CAHR) Policy and Scrutiny Committee, Councillor Albert. The Commission was updated on the following:

- It was noted that it was Councillor Albert's first meeting as Chair. The meeting was moved by two weeks due to the uncertainties around the lifts in City Hall.
- The Committee received key updates, including information on housing allocations.
- The Cabinet Member for Housing Services was not present at the meeting but Councillor Maggie Carman, Deputy for Housing Services, attended to answer questions and was praised for stepping in.
- The Climate Action portfolio was also discussed, where there were updates on new works and awards that have been won which was noted as positive.

5.4. The Commission received a verbal update from the Chair of the Children and Adults, Public Health and Voluntary Sector (CAPHVS) Policy and Scrutiny Committee, Councillor Piddock. The Commission was updated on the following:

- The recent meeting of the CAPHVS Committee had a full programme.
- The Cabinet Member for Adult Social Care, Public Health and Voluntary Sector provided an update for the ongoing Gordon Hospital situation and the recent signing of the Ethical Care Charter which had been viewed positively.
- The Cabinet Member for Young People, Learning and Leisure informed the Committee about the opening of the Bayswater Centre as well as the difficulties surrounding the increased complexity of needs that Children's Services are facing.
- The Committee received the Voluntary and Community Sector Investment Strategy, the Professor Manthorpe report investigating the Council's COVID-19 pandemic response of which followed a useful and interesting discussion, and the Health and Wellbeing Strategy.
- The Committee also heard a called-in decision which, following an in-depth examination, culminated in the agreement that the decision would stand.

6. CHIEF EXECUTIVE UPDATE

6.1. The Commission received a written update from the Chief Executive of the Council on forthcoming and current issues. The Council's achievement of Disability Confident Leader Status was welcomed by the Commission and the challenge put forward by the Able Network, Staff Networks, staff across the Council and Unions was noted to have facilitated the accomplishment of this important status.

6.2. The Commission received a verbal update from the Chief Executive on the recent tragic, fatal, stabbing of a teenager outside Westminster City College. The Commission understood that the Council responded holistically and continue to provide support to Council staff who have been affected by this loss.

6.3. The Commission was also updated on the successful 75th Windrush Anniversary event which took place earlier in the day. 300 residents and businesses from across the City were present to both celebrate and learn. The entire event was put together by Council staff and, going into what is typically recognised as a busy season for events, recognition was given to those staff who facilitate and enable the events to be the success that they are.

6.4. The Commission recorded its thanks to the staff who have responded to the tragic loss of life and also to those staff who contribute to the success of events across the City.

6.5. The Chief Executive responded to questions on the following topics:

- Night Stars volunteers; the improvements to the system of logging in and out, especially considering that the Council did not know the Night Stars had been arrested as their phones were taken off of them, the procedures for the volunteers going forward and the offers of aftercare by the Council.
- Night Stars apology; the Commission stated that there are perhaps two apologies to be made as a result of the lack of communication, 1) to the Night Stars despite the ongoing investigation, and 2) to the Council, bearing in mind that the police failed to notify the right officers and failed to take note of the insignia on the jackets. The Commission asked whether an apology would be forthcoming.
- Asylum seeker protest in Pimlico; the Commission recognised the stress caused to the asylum seekers and asked what the Council is doing to hold the Home Office to account for their failure to communicate, what protocols are in place to navigate any further issues that occur and whether the Council is close in these negotiations to ensure that this does not happen again.
- Disability Confident Leader; it was noted that the Disability Confident Leader status is a fantastic achievement and credit should also be given to the successful Westminster Employment Service. The Commission however asked for the strategic rationale behind the decision to take the Westminster Employment Service out of Adult Social Care and place it in the Economy team.
- Ethical Care Charter; Stage Three provides a link to the London Living Wage and other conditions of employment, including travel. Whilst laudable, the Commission asked whether this has been fully costed.
- Lift operations at City Hall; lift operations are complex and most who access City Hall rely on these. The Commission asked for an update on the situation, level of disruption predicted and any unperceived risks.

6.2. ACTIONS:

a) That the Commission will receive information relating to the rationale behind the Westminster Employment Service being moved out of Adult Social Care and into the Economy team.

b) That the Commission will receive information on the increased cost to the

Council regarding Stage Three of the Ethical Care Charter which concerns the London Living Wage and other conditions of employment. This information will be provided in due course as part of the budget setting process.

7. SCRUTINY IMPROVEMENT REVIEW

7.1. The Chair introduced the Scrutiny Improvement Review report and informed the Commission that the previous Scrutiny Chair commissioned the Centre for Governance and Scrutiny (CfGS) to undertake a review of policy and scrutiny at Westminster. The Chair stated that this an exciting point in time for Westminster's scrutiny function as the review provides the tools to make scrutiny more relevant to the Council and residents as well as more impactful. The Commission was pleased that there are many positives in the review and noted that Members going forward should feel confident to be engaged in purposeful scrutiny.

7.2. The Chair invited Ian Parry (CfGS) to provide a brief overview. The Commission understood that the review found that the Council has all the components for good scrutiny and improvement if it can be developed in the right way. It was noted that the key ingredient to achieving good scrutiny is commitment and acceptance to do things differently. There is the opportunity to develop a new vision which includes; focusing on the needs and experience of Westminster residents and stakeholders, measurable impact, being independently minded to explore issues and alternative approaches, prioritising topics, increase public engagement and strengthen local democracy. The Commission noted CfGS's offer to support the implementation of recommendations.

7.3. The Chair invited Members to provide general comments on the report and overall direction of travel. Members discussed the following:

- Splitting Adults and Public Health and Children's Services; despite currently being merged in one committee (CAPHVS), the two subject areas are vast, especially considering the statutory duty to health scrutiny and recent changes the NHS has made locally.
- Cabinet Member scrutiny; the importance of having Cabinet Members present at scrutiny meetings to answer questions on their portfolios. This ensures accountability as well as provides an opportunity for scrutiny to understand the breadth of work in the portfolio and inform scrutiny Members about potential items for future investigation, and befitting work programming.
- Format of reports; it should be ensured that reports are accessible and digestible, as well as finding different ways to present information.
- Ownership of work programmes; the importance of all scrutiny Members having input to these, especially when considering last minute changes. Interim reports may be of use to keep Members informed which, in turn, should help Members to set agendas.
- Discussions on work programmes; the difficulty sometimes in getting the work programmes engaged with and what is the best practice of doing so.
- Vision for scrutiny; how this is done, whether it can evolve over time and how Members will be engaged in the formation of a vision.

- Thematic committees; the benefit of thematic analysis and investigations and that Cabinet Member portfolios should be distributed across the committees adequately to ensure that they are able to be taken together through themes.
- Training; this should be ongoing and at least one training session should focus on strategic, forthright questioning to ensure that effective scrutiny is carried out during formal meetings as opposed to those which are discussion-based.
- Transitions; ensuring actions and recommendations remain at the forefront and do not get forgotten or lost especially if there is a transition or change.
- Commitment to change; the importance of committing to make changes, especially when considering a move to thematic committees and stepping away from the habit of performance managing Cabinet Members whilst still scrutinising the Executive effectively, as well as the health service.
- Depoliticising meetings; how this works in practice and extracting political point-scoring in meetings if politics cannot be removed from scrutiny.
- Pace; there are quick changes that can be made but also medium-term and long-term considerations to be made.

7.4. The Commission thanked CfGS for the thorough report which had been produced and those who have contributed to it.

7.5. RESOLVED:

That the general direction of travel taken in the Scrutiny Improvement Review, alongside the recommendations made, be agreed.

7.6. ACTIONS:

a) That a Task and Finish Group be established to look at the recommendations in detail.

8. DRAFT ANNUAL REPORT OF POLICY AND SCRUTINY ACTIVITY IN 2022-2023

8.1. The Commission received a summary of the draft Annual Report of Policy and Scrutiny Activity in 2022-2023 from the Lead Policy and Scrutiny Advisor.

8.2. The Commission stated the report was one of fact and extremely useful.

8.3. RESOLVED:

That the Commission approved the draft Annual Report of Policy and Scrutiny Activity in 2022-2023.

9. WORK PROGRAMME 2023-2024

9.1. The Commission reviewed the work programme for the 2023-24 municipal year and discussed how it is a flexible and adjustable document which should reflect issues and events which occur in between meeting dates.

9.2. The Commission was informed by the Head of Governance and Councillor Liaison that the 'Scrutiny Improvement Progress' item on each of the proposed agendas is subject to developments and the Commission can decide closer to the time of the meeting date whether they would like to see an update or not.

The meeting ended at 19:34.

CHAIR: _____ **DATE** _____

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Overview and Scrutiny Committee

Date:	5 October 2023
Classification:	General Release
Title:	2023/2024 Work Programme
Report of:	Head of Governance and Councillor Liaison
Wards Involved:	All
Policy Context:	All
Report Author and Contact Details:	Clare O’Keefe cokeefe@westminster.gov.uk

1. Executive Summary

- 1.1 This report asks the Overview and Scrutiny Committee (“the Committee”) to discuss topics for the remaining meetings on the 2023/2024 work programme.

2. Meeting Dates for the 2023/2024 Municipal Year

- 2.1 The Committee is advised that the next scheduled meeting dates for the 2023/2024 year are:
- 14 December 2023; and
 - 20 March 2024.

3. Background

- 3.1 This is the first meeting of the Overview and Scrutiny Committee after the independent review of Policy and Scrutiny and the subsequent structural changes, and amended Terms of References, that were agreed at Full Council on 20 September 2023 and came into effect on 27 September 2023.
- 3.2 A new work programme should be developed for the Overview and Scrutiny Committee as a result of the amended Terms of Reference, set out in Appendix 1.

4. Work Programme for 2023/24

- 4.1 The Committee is asked to consider items to scrutinise for the remaining municipal year.

- 4.2 Appendix 2 sets out topics which were included in the 2023/24 work programme for the Westminster Scrutiny Commission, which all fall under the new Terms of Reference for the Overview and Scrutiny Committee. The items had been developed in consultation with Members, Senior Officers and Members of the Executive (Cabinet) as well as following up on items and commitments from previous meetings, consideration of forward plans in the Leader's portfolio and challenges identified across the Directorates.
- 4.2 The Committee should note that an interim process for creating work programmes for the remaining two rounds of meetings in this municipal year is being developed. This will include the commissioning of a short summary of priorities from Cabinet Members to help Policy and Scrutiny Committees identify where scrutiny can have maximum impact. This will be a temporary arrangement for work programming with a more comprehensive approach adopted to inform next year's work programmes.
- 4.3 The Committee may wish to wait to receive the summary of priorities from Cabinet Members before suggesting items for inclusion on future agendas but Members are still welcome to highlight topics which they feel would benefit from scrutiny.
- 4.4 When considering the work programme, and agreeing an overall programme of scrutiny activity, the Committee should have regard to whether the work programme is achievable in terms of both Officer and Member time, taking into account that the Committee is scheduled to meet four times per year. Members are also reminded that it is advisable to hold some capacity in reserve for any urgent issues that might arise.
- 4.5 Each Policy and Scrutiny Committee has discretion to establish Task Groups to examine key issues in more detail and also to commission Single Member Studies. The Committee is asked to consider whether they would like to establish a Task Group or commission a Single Member Study. The Committee should be advised that both Members and Officers will only be able to successfully take part in and support a finite number of Task Groups at any one time.

If you have any queries about this report or wish to inspect any of the background papers, please contact Clare O'Keefe.

cokeefe@westminster.gov.uk

- Appendix 1: Terms of Reference
Appendix 2: Work Programme options
Appendix 3: Action Tracker

OVERVIEW AND SCRUTINY COMMITTEE

COMPOSITION

7 Members of the Council (4 nominated by the Majority Party and 3 by the Opposition Party) but shall not include a member of the Cabinet.

TERMS OF REFERENCE

- 1) To provide overall leadership to the Policy and Scrutiny function, coordinating across work programmes and requesting that other committees investigate particular issues where appropriate and necessary.
- 2) To scrutinise cross-cutting or corporate areas of policy and/or service delivery, including but not limited to:
 - Corporate strategy
 - Crime and disorder
 - Emergency planning
 - The local economy
 - Overall Local Development Framework (Planning Policy)
 - Overall licensing policy
 - Overall financial management (to the extent that this is not handled by the Audit and Performance Committee)
 - Corporate Property
 - Commercial Services and Procurement
 - Staffing/HR
 - Legal
- 3) To approve the Annual Report of Policy and Scrutiny activity and submit this to Full Council where necessary.
- 4) To exercise call-in provisions for issues within the scope of this terms of reference or for any matter which does not fall within the scope of the terms of reference for any other Policy and Scrutiny Committee.
- 5) To discharge the Council's statutory responsibilities under Section 19 of the Police and Justice Act 2006, thus acting as the Council's crime and disorder committee and fulfilling all the duties that entails.

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APPENDIX 2 – Overview and Scrutiny Committee Work Programme options 2023/24

Emergency Preparedness (appropriate for December 2023)	To review the Council's Emergency Preparedness.	Mark Chalmers, Prepare and Prevent Operational CONTEST Manager
Fairer Westminster Strategy (appropriate for March 2024)	To review progress made in the last financial year against the Council's delivery plan for Fairer Westminster as well as look ahead to priorities for the following financial year.	Councillor Adam Hug, Leader of the Council Pedro Wrobel, Executive Director of Innovation and Change
Workforce update (appropriate for March 2024)	To present to the Committee a report which brings together the staff survey results, staff turnover, diversity and inclusion and the refreshed Council vision.	Stuart Love, Chief Executive Lee Witham, Director of People Services
Member Development and Training	To review the training and development provided to Members, to discuss the advantages of training and development being reactive or proactive and explore what further support can be offered to Members in recognition of the variety of roles a councillor can perform.	TBC

Unallocated items – these may either be substituted in for a substantive item elsewhere in the year or may be rolled over for future municipal years

Corporate Project Management Office	To examine the work of the Change Board, how project management works within the Council, good internal governance procedures and oversight on projects that are high risk.
City Promotions Events and Film	To receive an update on the work of the City Promotions Events and Film Team as well as their future work.
Pay Policy Review	To review the Council's Pay Policy, including staff rewards and benefits. <i>This depends on whether there are changes to the policy and if the Commission would like the opportunity to feed into this.</i>
Public Affairs and Partner Engagement	A review of the approach that Policy and Scrutiny at Westminster has towards public affairs priorities, partner engagement, lobbying and media relations. <i>Suggested for 2024.</i>

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Appendix 3 - ACTION TRACKER
Westminster Scrutiny Commission

22 June 2023		
Agenda Item	Action	Status/Follow Up
Item 6 Chief Executive Update	That the Commission will receive information relating to the rationale behind the Westminster Employment Service being moved out of Adult Social Care and into the Economy team.	Completed 13/07
	That the Commission will receive information on the increased cost to the Council regarding Stage Three of the Ethical Care Charter which concerns the London Living Wage and other conditions of employment. This information will be provided in due course as part of the budget setting process.	It was agreed during the meeting that this will be provided as part of the budget setting process.
Item 7 Scrutiny Improvement Review	That a Task and Finish Group be established to look at the recommendations in detail.	Scoping document sent 27/06

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Overview and Scrutiny Committee

Date:	5 October 2023
Classification:	General Release
Title:	Fair Tax and Economic Crime
Report of:	Pedro Wrobel, Executive Director of Innovation and Change, and Sarah Warman Strategic Director of Housing and Commercial Partnerships
Cabinet Member	Councillor Adam Hug, Leader of the Council
Wards Involved:	All
Policy Context:	Fairer Westminster
Report Author and Contact Details:	Natalie Evans nevans@westminster.gov.uk and Satchi Mahendran smahendran@westminster.gov.uk

1. Executive Summary

- 1.1. This report provides an update for the Overview and Scrutiny Committee on the progress made following the Council's commitment to become a Fair Tax Council, and the wider work associated with this to tackle Dirty Money and Economic Crime in the city.

2. Key Matters for the Committee's Consideration

- 2.1 The Committee is invited to:

- Consider whether there are other avenues for the council to apply more pressure on freeholders and long leaseholders who have candy stores as tenants;
- Consider whether there are other insights we should look to gain on overseas property ownership;
- Consider and provide feedback on Procurement and Commercial Services' proposed approach to engaging with suppliers and raising awareness of the importance of fair tax conduct, set within the context of both our Councils for Fair Tax Declaration and our increased focus on Supplier Relationship Management.

3. Background to Fair Tax and Economic Crime

- 3.1 Britain's long established and stable social structures have made our country a place where people worldwide want to invest their money. Central London and Westminster in particular proudly attract many international investors in residential and commercial property – and has long been the engine for UK economic growth.
- 3.2 This is vital for the success of Britain's economy and for our standing in the world, bringing jobs and growth to the benefit of local residents and citizens up and down the country. But our reputation is at risk as increasingly a growing minority of these investors use Central London as a place for money laundering, fraud and economic crime¹. The National Crime Agency estimates that money laundering costs the UK economy £100bn every year, and state that 'the property market is [a] route exploited by criminals, particularly in London'².
- 3.3 The reputation of Westminster has been further impacted post-pandemic by the presence of candy stores and souvenir shops taking up – at peak levels – 30 units on Oxford Street. These firms owe the Council millions in unpaid business rates, but as we have tried to pursue them we have come up against patsy directors registered on Companies House, and phoenixing where firms have shut to re-open under a new name in the same property but are able to avoid their business rates liability.
- 3.4 These two strands - questionable overseas property ownership and candy stores carrying out questionable business practices to avoid their responsibilities - have overlap in the cause and potential solutions when considered under a broader heading of 'Economic Crime'.
- 3.5 A parallel concern, which Westminster Council and public authority counterparts have a role in addressing, is instances of tax avoidance within our supply chain. The UK Government estimates losses in revenue due to tax avoidance at £1.4billionⁱ per annum, however recent academic research suggests that the extent of losses could reach a further £17billion if 'profit shifting' is also factored inⁱⁱ.
- 3.6 A key part of both ensuring we were not contributing to the problem, and creating a platform to lead others, was to ensure that our own financial responsibilities were in order by making the Councils for Fair Tax Declaration. This acted as a springboard for us to lead, and where necessary take a more assertive stance, on these issues.

4. Economic Crime and the Dirty Money Charter

¹ The latest report (2021) by the Office for Professional Bodies Anti-Money Laundering Supervision (OPBAS) – a UK government body set up to oversee the professional bodies that supervise legal and accountancy firms and companies in regard to their anti-money laundering procedures – found that the vast majority (81 per cent) of the 22 professional bodies had not implemented an effective risk-based approach.

² <https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance>

- 4.1 There are multiple elements to our efforts to reduce economic crime, working with Government, transparency groups and businesses. Nationally, we have been working with HM Revenue & Customs (HMRC) and the National Crime Agency (NCA) to investigate the financial practices of Candy stores and pursue the people behind them.
- 4.2 These investigations take a long time and the quantum (c.£9m) that we are asking them to pursue is relatively small compared to other evasion cases, but we are continuing to push them to make progress as quickly as possible and recover these funds for taxpayers. As well as the scale, the complexity of navigating multiple overseas accounts and creating a sufficient legal case to use the powers that these agencies have is still not simple.
- 4.3 We have also had good engagement with HMG on the Economic Crime and Corporate Transparency Bill, which is nearly through parliament, which could offer marginal improvements to our ability to pursue Candy Stores by forcing greater transparency, if the existing loopholes are removed – which we continue to engage with Government to try and address.
- 4.4 We also constructively raised our concerns about potential weaknesses in the updated regulatory regime that could undermine its aims, for example, third parties will be able to verify individuals on behalf of Companies House but would not be subject to fines if they took a lax approach to this verification – meaning companies willing to bend the rules have a potential competitive advantage. We have also expressed concern that based on our experience of the pace of the HMRC and NCA investigations, the new powers they and Companies House are being provided with to investigate entries into companies have come with no additional funding to enable these investigations to take place.
- 4.5 A key trigger for this engagement was our Dirty Money Charter, which is the first of its kind among Local Authorities in the UK, based on three principles: Transparency and Accountability; Supporting Fair Taxation; and Constructive Challenge. We launched this in partnership with the New West End Company (NVEC) and HOLBA, to show that not only were there international factors that demanded Government intervention – but also that businesses and Local Authorities wanted change.
- 4.6 Through the charter, we committed to:
- Develop a list of properties where the ultimate beneficial owner is unclear or appears to be inconsistent with other records, mapping these across the City and sharing these with relevant enforcement bodies;
 - Continue to disrupt businesses with a track record of selling unsafe goods, and other practices commonly associated with suspicious financial activity;
 - Continue to invest in encouraging positive growth in Westminster, including innovating with business rates reliefs schemes such as our pop-up scheme;

- Work with the Government and the Opposition to promote reform of the business rates system to ensure that our high streets across the city remain vibrant and competitive.
- 4.7 This piece of work was noticed by officials, and gave us a platform to share our concerns, influence the Bill and ensure we were using every possible avenue to address Candy stores and related issues. We continue to pursue all these commitments, which are all ongoing.
- 4.8 As well as the positive campaign, we have ramped up the pressure on Candy stores, souvenir and vape shops, to make clear the status quo is not acceptable. Following multiple attempts to engage with each freeholder and long leaseholder, requesting that they do all they can stop letting agents leasing empty properties to candy stores or souvenir shops, we then carried out a transparency release of those who failed to engage positively with the council.
- 4.9 This exercise triggered a number of conversations with freeholders and long leaseholders on the specific actions that could help to remove candy stores in their particular contractual situations, and those conversations are ongoing, with some parties even inviting trading standards action to enable them to begin legal action against their tenants. There has been a fall since this exercise, from 26 candy stores to 21.
- 4.10 As a wider part of this work, there has been a constant drumbeat of media attention around the ownership of properties in Westminster – which we have been working with the Centre for Public Data to better understand. Westminster has seen a 300% rise in properties registered to owners in Jersey since 2010, and a rise of 1200% in the number of properties registered to owners in Russia.
- 4.11 While Westminster is home to a cosmopolitan population, this rapid growth while the percentage of residents who have a non-UK identity has fallen suggests that there is another reason that Westminster property ownership is expanding. This is while private sector rents increased by over 21% in Westminster in 2023 compared to the year before, as demand for property massively outstrips supply.
- 4.12 This work with the Centre for Public Data is ongoing, as we now have the register of beneficial ownership to reveal the true levels of overseas ownership (previously we could not determine when a UK company owned a property but the beneficiary was overseas) and understand how this interacts with empty properties, short-term lets and other non-primary residential uses. There is currently an issue with the data on some older properties where the council tax and land registry identification data does not align, and 18,000 offshore companies (almost half of those required to declare) which between them hold almost 52,000 properties in England and Wales, have either ignored their legal obligations altogether or submitted information which makes it impossible for the public to find out who owns them.

5 Councils for Fair Tax Declaration

- 5.1 Signing the Councils for Fair Tax Declaration was to send our contractors a clear signal about Westminster City Council's values and level of commitment to responsible tax conduct. The original key aims under the declaration were to:
- a) raise awareness amongst existing and future suppliers about the extent and impact of tax avoidance
 - b) leverage our relationships with our supply chain to encourage good tax conduct
 - c) influence the Government Commercial Function's development of the 'Transforming Public Procurement Bill' by highlighting public authority appetite to be able to use tax conduct as a criterion within our procurement exercises.
- 5.2 Procurement and Commercial Services took into account specialist legal advice provided to the Fair Tax Foundation and in addition, worked closely with the council's internal Legal team to explore exactly what could be permitted under existing Public Contracts Regulations (PCR) 2015 around this issue. Would it contravene the Regulations if we were to include unscored, survey-style fair tax questions as part of the supplier selection process, if it were made clear to bidders that their responses would have no impact on the outcome of the tender? In summary, it was found that this approach would imply unreasonable risk in terms of legal challenge under PCR, the potential impacts on levels of competition to secure value for money for tax-payers and the creation of artificial barriers to competition for smaller enterprises with fewer resources.
- 5.3 Questions were therefore developed for use with existing suppliers, and potentially for bidders to new tenders, but they would be optional to respond to and the survey would be undertaken totally separately to the tender exercise itself. The final three questions were consulted with the Executive Director of Finance and Resources, Gerald Almeroth, the Cabinet Lead Cllr David Boothroyd and the Fair Tax Foundation. All three require a yes/no answer, but open text responses are also provided for:
- 1) Would your organisation be willing to make a public declaration, via a tax policy or similar, signed by the relevant Board member or equivalent person, that it shuns artificial tax avoidance, and *(for Multinational Corporations (MNCs) only)* the use of tax havens *(other than for legitimate trading purposes)* and profit shifting, right across its operations?
 - 2) Would your organisation be able to evidence its tax practices i.e. public reporting of income, profits and taxes paid at a group level in the UK and *(for MNCs only)* each country of operation? *NOTE: small and micro entities will soon be required to file a profit and loss account at Companies House and such a statement will meet this threshold for evidence.*
 - 3) Would your organisation be in favour of suppliers being selected or assessed on the basis of forward-looking 'responsible tax conduct' criteria

as part of public procurement processes, with proportionate requirements for type and size of organisation?

- 5.4 Officers shared their proposed approach with public sector counterparts as part of a best practice group set up by the council and the Fair Tax Foundation. In March this year, we presented the draft questions for feedback to the group, which is now comprised of 5 other London boroughs, 14 English city and county councils and 4 Scottish councils. The next officer group will take place in November, where representatives will give updates on the effectiveness of their approaches.
- 5.5 In April, the Fair Tax Foundation attended the council's Responsible Procurement & Commissioning Strategy launch. They hosted a stall alongside other partners such as the Living Wage Foundation and One Westminster, providing them the opportunity to engage with a significant number of suppliers to the council.
- 5.6 As part of Fair Tax Week in June, Officers and the Leader took the opportunity to network with likeminded organisations in a celebration of responsible tax conduct organised by the Fair Tax Foundation – with the Leader providing a speech on our work in this area. The event was hosted in Westminster and attended by a significant number of businesses large and small.
- 5.7 At the time of writing, the Transforming Public Procurement Bill is undergoing final amendments before Royal Assent. During the development of the Bill, interest groups called for changes to the procurement regulations to permit the use of criteria to de-select businesses from public sector tenders on the basis of poor tax conduct i.e. tax avoidance, and the use of award criteria to reward bidders for evidencing responsible tax conduct. Although some positive changes have been introduced relating to beneficial ownership transparency, it is currently unknown whether the quality and integrity of data bidders will be required to share will be sufficient to ensure public authorities are contracting with businesses who pay the right amount of tax, at the right time and in the right place.
- 5.8 After this most recent iteration of the Bill was released, our focus has altered slightly. Our main goal is awareness raising and influencing our suppliers. Our proposed approach to gathering data has shifted from broad, transactional surveying, to more considered conversations with a smaller group of existing contractors, both larger organisations and SMEs.
- 5.9 As part of the implementation of the Responsible Procurement and Commissioning Strategy, a series of 'deep dive' contractor meetings will take place, starting in October, exploring all aspects of RPC including such as carbon reduction, social value delivery, community wealth building opportunities etc., and this is seen as a useful opportunity to initiate conversations with suppliers on tax practices. An initial target of 40 strategic suppliers has been set, but the Responsible Procurement & Supplier Relationship Management team with Procurement will engage with as many suppliers as resources allow, including our SME community. As part of this,

we will test supplier appetite for pledging their commitment to fair tax conduct, e.g. through committing to accreditations such as the Fair Tax Mark.

- 5.10 The deep dives will also consider other ethical conduct aspects of responsible procurement, including supply chain modern slavery due diligence, and pay and conditions of supply chain staff including union representation. This will help ensure that the council's Ethical Procurement Policy is being adhered to, and the human and labour rights elements of the Responsible Procurement and Commissioning Strategy are being delivered and evidenced by suppliers.
- 5.11 When information has been gathered from our supply chain, we will feedback our findings in terms of the appetite for transparency on tax conduct, with perspectives being collated according to size and sector. Our proposed approach will raise awareness and influencing behaviour and will also inform the optimum balance that the council can strike in terms of ensuring healthy levels of competition and associated value for money services, and a robust approach to applying fair tax criteria in tenders, if it were to be permitted under any future changes to the UK procurement regulations.

If you have any queries about this Report, please contact Natalie Evans
nevans@westminster.gov.uk and Satchi Mahendran
smahendran@westminster.gov.uk

APPENDICES:

None

BACKGROUND PAPERS

None

ⁱ <https://www.gov.uk/government/statistics/measuring-tax-gaps/7-tax-gaps-illustrative-tax-gap-by-behaviour>

ⁱⁱ [Frontpage - Economists without borders \(missingprofits.world\)](#)

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Overview and Scrutiny Committee

Date:	5 October 2023
Classification:	General Release
Title:	Budget Scrutiny Task Group 2023/24
Report of:	Councillor Paul Fisher, Chair of Housing and Regeneration Policy and Scrutiny Committee and Chair of Budget Scrutiny Task Group
Cabinet Member Portfolio:	All
Wards Involved:	All
Policy Context:	Governance Arrangements
Report Author and Contact Details:	Clare O’Keefe, Lead Policy and Scrutiny Advisor, cokeefe@westminster.gov.uk

1. Executive Summary

- 1.1. This report sets out an update on the constitution of the Budget Scrutiny Task Group (“BSTG”), formerly formally known as the “Budget and Performance Task Group”, including proposed updated arrangements to be adopted for the process used to contribute to the Budget for 2023/2024.
- 1.2. The report provides the Overview and Scrutiny Committee (“OSC”), which is the parent Committee of the Task Group, with an opportunity to review the process of the Task Group and its impact.

2. Key Matters for the Committee’s Consideration

- 2.1. The OSC is asked to comment on and approve the revised Terms of Reference for the Budget Scrutiny Task Group (Appendix 1), including a formal change of name; and
- 2.2. The OSC is asked to comment on and note the process of the Budget Scrutiny Task Group to be adopted for the 2023/2024 budget (Appendix 2).

3. Background

- 3.1. The BSTG is a standing task group of the OSC which meets every year to scrutinise the draft Budget proposals. The OSC, formerly the Westminster Scrutiny Commission, agreed in July 2007 to set up the Group as a standing Task Group, with the following Terms of Reference:

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

These terms of reference are noted within the Budget and Policy Framework Procedure Rules in Chapter 3 of the Constitution.

Since this time, there has been no formal review of the process or terms of reference reported back to the OSC.

- 3.2. To fulfil this commitment, the Chair of the BSTG compiles and publishes a summary report of its findings over the process. As noted in the original terms of reference and owing to the requirement in the Local Government Act 2000¹, the Executive must consider and give due regard to any views and recommendations from the BSTG within two months, beginning with the date on which the report or recommendations are received, in drawing up firm Budget proposals for submission to the Council. The final report recommending the draft Budget to Full Council must reflect the feedback of the BTSG (and those of other Task Groups and Committees, if any) as well as the Cabinet’s response to that feedback.
- 3.3. The last cycle of budget scrutiny occurred in January 2023 and, in addition to recording risks and positive opportunities, the BSTG also noted options for the future of the Group to ensure it is an effective tool to scrutinise the draft Budget each year. These included: Cabinet Member participation, more sessions, transparency and different options for presenting material as well as adequate briefing on the material.
- 3.4. In addition, the Scrutiny Improvement Review undertaken by the Centre for Governance and Scrutiny in spring 2023 also referred to strengthening “finance scrutiny through member development and through rigorous and early involvement of budget scrutiny activity where scrutiny is embedded and aligned with the budget process”.
- 3.5. In summer 2023, the Chair of the BTSG, advised by the Council’s Section 151 Officer and the Statutory Scrutiny Officer, developed a new approach which took account of these recommendations. The majority of these changes are to informal arrangements and do not therefore require approval from the OSC as the parent committee to the Task Group. The terms of reference have however also been updated to reflect changing practice and provide a contemporary record of the constitutional underpinning for the Task Group. Approval of the terms of reference is a matter for the OSC.

¹ [Local Government Act 2000 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

3.6. The Council's Constitution states that:

"Task Groups will operate on an informal basis and will not be subject to the formal requirements relating to meetings in respect of the issue of agendas, minutes and notice of meetings etc. However, meetings will at the discretion of the Task Group usually, be open to members of the public except where the normal rules on confidentiality apply or there is a reasonable reason for a meeting taking place in private."

4. Summary of changes to the Budget Scrutiny process

- 4.1. The proposed changes to the budget scrutiny process set out in this section have been developed based on a review of the previous format as well as reflecting on best practice and the finance scrutiny recommendations made by the Centre for Governance and Scrutiny in their Scrutiny Improvement Review. These changes are as follows.
- 4.2. **Cabinet Member participation:** Cabinet Members have been invited to the sessions of the BSTG in order to answer policy questions relating to the draft Budgets within their respective portfolios. Cabinet Members have not recently attended BSTG meetings and the involvement of Cabinet Members is intended to allow for more detailed policy debate as part of the scrutiny process, focusing on the intention and impact of options for budget changes being considered as opposed to purely the overall financial robustness and deliverability of the budget.
- 4.3. **Early involvement of budget scrutiny activity:** To fully embed scrutiny in the budget setting process and allow maximum opportunity for influence, budget scrutiny will be scheduled early and in alignment to this process. The meetings of the BSTG have been scheduled in November to allow for this early and rigorous scrutiny of draft Budget proposals. Furthermore, the last formal meeting of the BSTG in January 2024 will mean that there can be adequate time and focus allocated to the updates on government grants, which are usually released at the end of the calendar year.
- 4.4. **Briefing on the material:** There was a briefing session held on 25 September 2023 which all scrutiny Members were invited to, with emphasis on attendance by the BSTG Members. At this meeting Members discussed the draft Budget assumptions and Medium-Term Financial Plan approach received at Cabinet on 10 July 2023. Topics of discussion and comments/ recommendations were captured and will feed into the BSTG sessions in November 2023. There is also a budget/finance scrutiny training session to be held on Thursday 16 November. The expectation is for all BSTG Members to attend this, and the invite has also been extended to all scrutiny Members as this session will help to support Members in developing their financial scrutiny skills which would not only benefit the BSTG but Policy and Scrutiny in general.
- 4.5. **More sessions:** Related to points 4.3 and 4.4, whereas traditionally there have been three meetings of the BSTG, there are now four meetings; three in November and one in January which, in addition to focusing on the updates of government grants it will provide an opportunity to wrap-up the formal meetings

of the BSTG. The informal session in September also gave an opportunity to engage further with budget scrutiny ahead of the formal meetings.

4.6. **Presentation of material:** Building on points 4.4 and 4.5, the detail within the draft Budget proposals and the Medium-Term Financial Plan are complex and breaking this information down is critical to the budget scrutiny process. Officers will consider submitting a written commentary alongside the presentations to build on the content provided, using clear language, expanded acronyms and understandable diagrams and tables.

4.7. **Transparency:** The Chair of the BSTG and the Policy and Scrutiny team are working with the Communications team on a campaign to ensure that the budget scrutiny process is as transparent as possible and offers maximum opportunity for public engagement.

**If you have any queries about this Report or wish to inspect any of the
Background Papers, please contact Clare O’Keefe
cokeefe@westminster.gov.uk**

APPENDICES:

Appendix 1: outline process of budget scrutiny by the Budget Scrutiny Task Group in 2023-2024.

Appendix 2: draft revised BTSG Terms of Reference


BACKGROUND PAPERS:

1. [Budget Scrutiny Task Group Summary Report, February 2023.](#)
2. [Scrutiny Improvement Review – Centre for Governance and Scrutiny](#)
3. [Council Response to the Scrutiny Improvement Review](#)

Briefing Note


Budget Scrutiny Task Groups

August 2023



July/ August 2023

- Meeting dates decided and added to the Council calendar.
- Membership of the BSTG decided by Group Whips.




September 2023

- An informal briefing will be held to go through the budget assumptions and Medium-Term Financial Plan approach received at Cabinet on 10 July 2023, which sets the three-year framework. *Date - Monday 25 September.*
- All scrutiny Members to be invited to this session, with emphasis on attendance by the BSTG members.
- The informal session will not be livestreamed but minuted so questions, topics of discussion and any comments and recommendations can be captured and followed up on in November.



November 2023

- A budget/ finance scrutiny training session by GfGS will be held for all scrutiny members, with emphasis on attendance by the BSTG members. *Date – Thursday 16 November.*
- Formal, livestreamed, BSTG sessions will be held over three dates. *Dates - Tuesday 21 November, Thursday 23 November, Monday 27 November.*
- The sessions will be split by cabinet portfolio and Cabinet Members are requested to attend but will only be required to attend one.
- Each session will focus on budget options for both revenue and capital; only new capital proposals will be discussed because the existing capital programme was approved in March and any adjustments since then will be small.
- Comments and recommendations from the informal session in September should feed into these meetings.



January / February 2024

- One BSTG wrap-up session will be held in late January, which includes updates on government grants. *Date – Thursday 25 January.*
- An overall summary report will be written, published and sent to Cabinet Members in advance of the meeting of Cabinet on 19 February 2024.
- The Chair of the BSTG will attend Cabinet on 19 February 2024 to present overall findings.

March 2024

- The BSTG papers will be published with Full Council agenda.
- The Chair of the BSTG will present overall findings at Full Council on 6 March 2024.

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BUDGET SCRUTINY TASK GROUP TERMS OF REFERENCE

CONSTITUTION

7 Members of the Council (4 nominated by the Majority Party and 3 by the Opposition Party) but shall not include a member of the Cabinet.

TERMS OF REFERENCE

1. To be a standing Task Group of the Overview and Scrutiny Committee until such a time that the Overview and Scrutiny Committee decides it is no longer necessary.
2. To lead Policy and Scrutiny activity, on behalf of the Policy and Scrutiny Committees, relating to matters concerning:
 - Draft Budget assumptions/ options;
 - Draft business plans; and
 - Estimates at the appropriate stages in the business planning cycle.
3. To publish a summary of its findings after each round of scrutiny activity.
4. To provide a copy of the published summary of findings to the Executive for consideration when drawing up firm Budget proposals for submission to the Council, and to expect a response from the Executive within two months of the publishing date.
5. Any other matter which the Overview and Scrutiny Committee has requested that this Task Group investigates.

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