

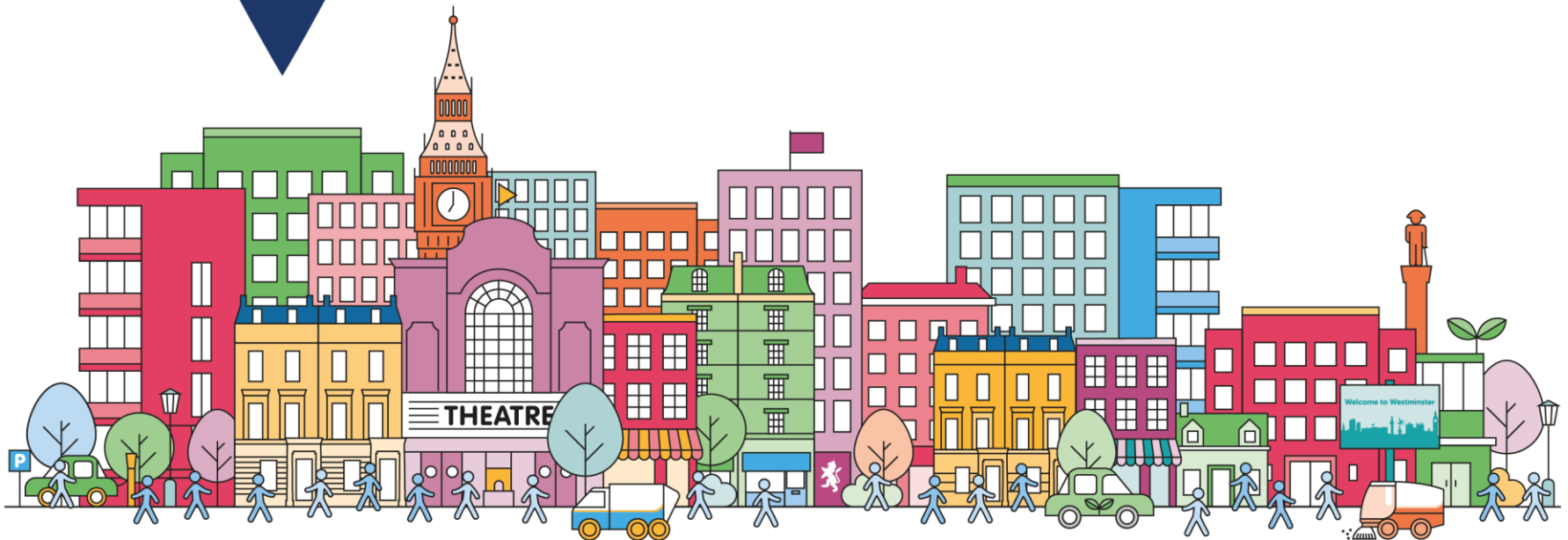


City of Westminster

City
for
All

Budget and Performance Task Group

26th September 2018

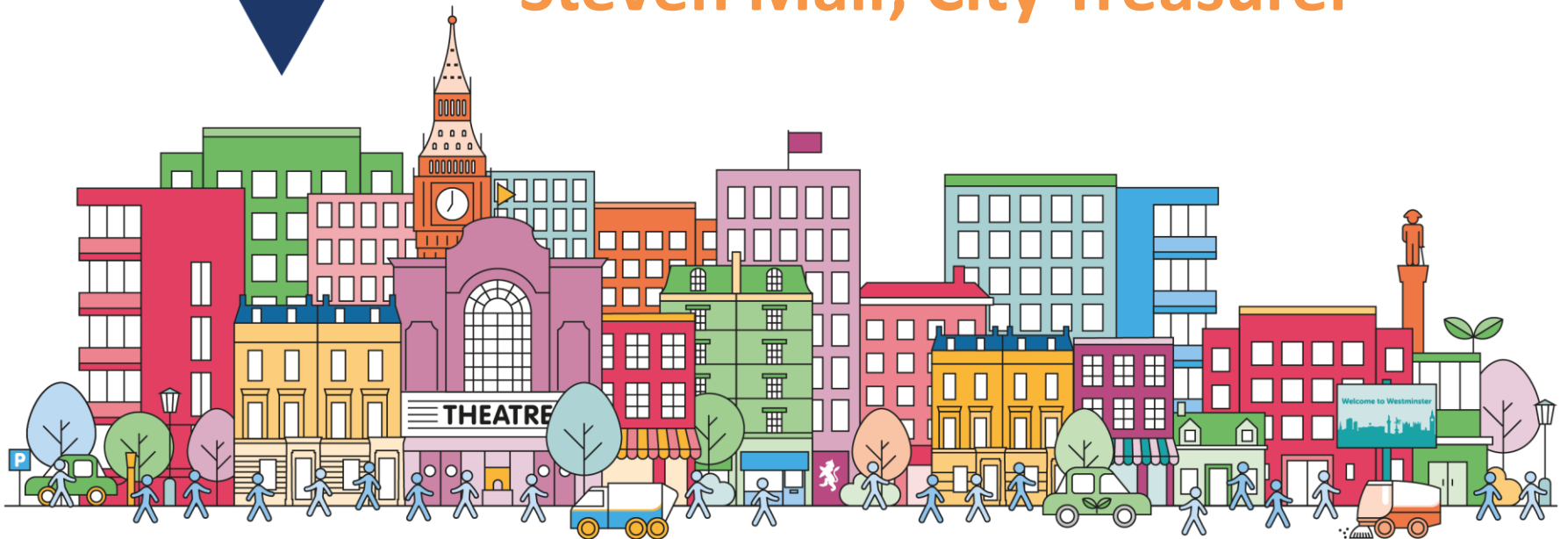




Budget and Performance Task Group

2019/20 Budget Overview

Steven Mair, City Treasurer



Executive Summary

- £26.3m estimated net savings target set for General Fund budget in 2019/20, subject to funding settlement announcements made by the Government in December 2018
- 2018/19 savings were fully identified and the budget balanced.
- 2019/20 net savings requirement of £26.3m has been identified and the projected budget gap balanced. This is comprised of gross savings of £35.848m offset by pressures of £9.548m.
- £170m of gross savings delivered between 2015 and 2019
- Further savings will be required in future years due to anticipation of continued reductions in government funding, new legislative requirements, service delivery pressures, inflation on staff costs and contracts



Executive Summary

- Provisional settlement in December 2018.
- Final settlement expected in January/February 2019, which will confirm all grant amounts and funding levels from the settlement.
- We also have to generate efficiencies to fund for example:
 - Demographic pressures
 - Contract and salary inflation
 - Changing service demand priorities
 - Pensions pressures
- 2019/20 is the final year of a four year funding settlement.
- From 2020/21 the Fair Funding Review will change the funding criteria for councils



Executive Summary – Directorate Presentations

- Slides presented by Executive Directors cover the following:
 - Service issues faced
 - Revenue savings, pressures for 2019/20
 - Consultation status on 2019/20 saving proposals
 - Confirmation where a full EIA has been identified as required
 - There are 4 full EIAs required this year for the proposed initiatives, for which an additional paper has been provided to scrutiny. Tables are annotated to indicate where a full EIA has been identified.



Executive Summary – EIAs

- As part of the budget setting process, each budget proposal needs to be assessed to determine whether an Equalities Impact Assessment has to be undertaken.
- All proposals have undergone an initial assessment, which has been documented
- All initial assessments have been reviewed and challenged where appropriate, including a process of independent review.
- 4 proposals have been assessed as needing a full EIA. A document setting these out can be found within the papers for this meeting.
- EIAs need to be kept under review as plans progress.
- The identification of an adverse impact on any particular group does not mean that a proposal should not proceed, rather that it is identified and considered before making the final decision to proceed.



Executive Summary – Savings by Directorate

Directorate	2019/20 Savings £m
City Management and Communities	4.794
Growth, Planning and Housing	3.971
Adult Services	5.101
Children's Services	0.846
Policy, Performance and Communications	0.222
Corporate Services	0.297
City Treasurer's	20.617
TOTAL	35.848

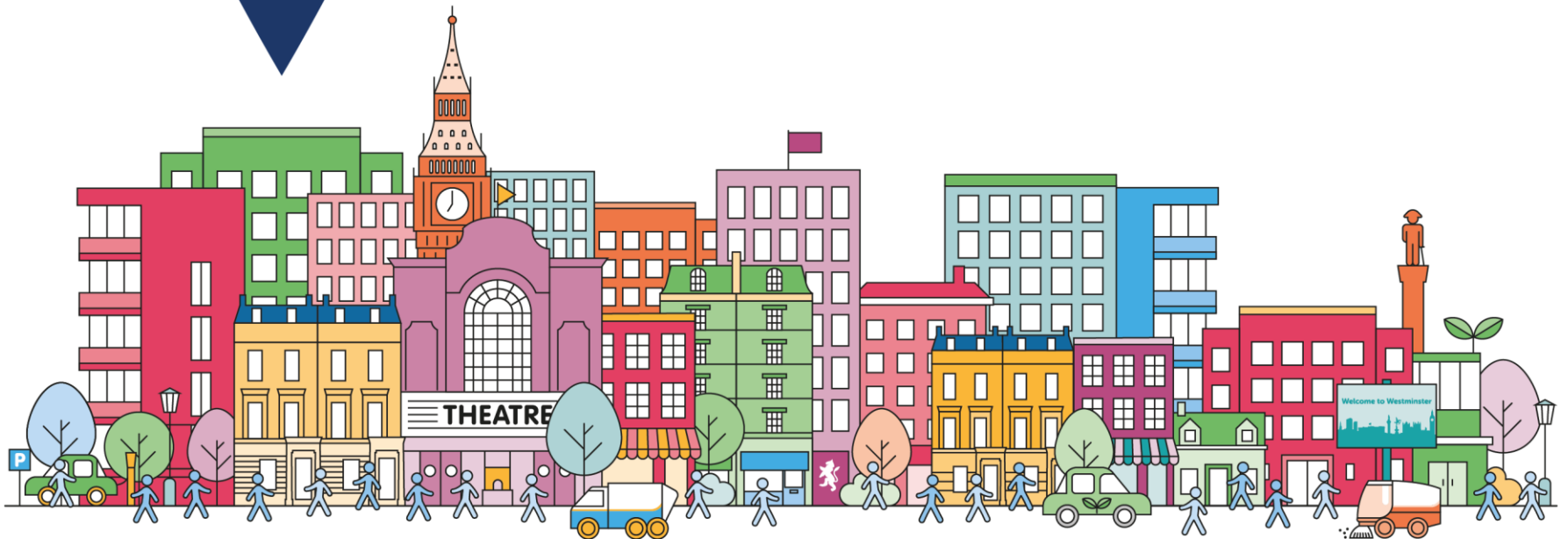




Budget and Performance Task Group

Adult Social Care

Bernie Flaherty, Executive Director



Executive Summary

- In 2018/19 Adult Social Care was allocated a gross controllable expenditure budget of £122.729m and a gross income budget of £64.964m (net controllable budget £57.765m)
- The projected outturn variance for 2018/19 as at P4 is an underspend of £0.019m to a budget of £57.765m.
- The budget envelope for 2019/20 contains pressures of £1.890m
- The directorate has identified efficiencies and financing proposals totalling £5.101m



2019/20 Key Issues

- Demographic growth and an increasingly ageing population
- Increase in acuity and complexity of needs
- Workforce challenges, pressures and increasing costs due to the introduction of the living wage
- Customer journey and service re-design
- Fragile state of the care market
- Focusing on preventative activities including cross-council focus
- NHS pressures including an increase in rapid discharges from hospital placing additional pressures on homecare



Adults Social Care Budget 2018/19

The key controllable service area budgets for 2018/19 are broken down as follows:

Service Area	Income £m	Expenditure £m	Net Budget £m
Assistive Equipment and Technology	(1.294)	2.123	0.829
Commissioning and Service Delivery	(1.959)	8.910	6.951
Information and Early Intervention	(1.697)	1.582	(0.115)
Costs of Assessment and Care Management Process	(4.528)	11.997	7.469
Learning Disability Support	(13.617)	25.849	12.232
Mental Health Support	(4.815)	11.026	6.211
Physical Support	(33.496)	50.837	17.341
Sensory Support	(0.022)	0.090	0.068
Social Support	-	0.887	0.887
Support with Memory and Cognition	(3.536)	9.428	5.892
TOTAL BUDGET 2018/19	(64.964)	122.729	57.765



2019/20 Efficiencies and Financing Proposals (1)

Information on the key savings initiatives is provided below:

Review of Contracts (£0.250m): Strategic review of contracts across Adult Social Care to identify opportunities as part of the recommissioning cycle to deliver efficiencies.

Promoting independence (£0.300m): A focus on helping people to remain as independent for as long as possible. This includes helping them remain in their own homes where suitable.

Bi - borough Process and Policy Review (£0.200m): Reviewing of Adult Social Care processes and policies including raising staff awareness.

Improved Market Management (£0.500m): Managing and shaping the market to ensure that we achieve greater value for money from providers.

Adult Social Care Levy (Precept) (£1.023m): Introduction of the discretionary additional council tax charge 'the adult social care precept' from 2016/17 which is to be used on a ring-fenced basis to support delivery of adult social care services.

Increase in iBCF Grant (£2.828m): This represents part of the increase over and above the 2018/19 allocation of the improved better care fund grant which will fund MTP reductions in the ASC Placements budget. This is in the context of ensuring that the local social care provider market is supported.



2019/20 Efficiencies and Financing Proposals (2)

The directorate is proposing a series of initiatives to support balancing the 2019/20 budget. These total £5.101 million.

Reference	Key Initiatives (section 1 of 1)	£m
3.20 (EIA)	Review of Contracts	0.250
3.21	Promoting Independence	0.300
3.26	Process and Policy Review	0.200
3.30	Improved Market Management	0.500
3.35	Adult Social Care Levy (Precept)	1.023
3.38	Use of iBCF Grant to Fund Placements Budget	2.828
Total		5.101



2019/20 Budget Growth Pressures (1)

Estimated Pressures	£m
Demographic Pressures	0.561
Children with learning disabilities transitioning into adults services	0.624
Complexity & Acuity pressures on Adult Social Care Budgets	0.705
TOTAL	1.890



2019/20 Budget Growth Pressures (2)

Demographic Pressures (£0.561m): Caused by a growing population and people living longer, calculated as 1.47% of the Adults' placement budgets.

Children with Learning Disabilities Transitioning into Adults Services (£0.624m): First year costs of children with disabilities becoming Adult Social Care customers partway through the year and the full year impact of second year transition.

Complexity and Acuity Pressures (£0.705m): People are living longer and their care needs in old age are becoming more complex.



Adults Social Care Budget 2019/20

The key controllable service area budgets for 2019/20 are broken down as follows:

Service Area	Income £m	Expenditure £m	Net Budget £m
Assistive Equipment and Technology	(1.294)	2.123	0.829
Commissioning and Service Delivery	(1.959)	8.910	6.951
Information and Early Intervention	(1.697)	1.582	(0.115)
Costs of Assessment and Care Management Process	(4.528)	11.997	7.469
Learning Disability Support	(15.264)	25.807	10.543
Mental Health Support	(4.815)	11.026	6.211
Physical Support	(35.700)	51.519	15.819
Sensory Support	(0.022)	0.090	0.068
Social Support	-	0.887	0.887
Support with Memory and Cognition	(3.536)	9.428	5.892
TOTAL BUDGET 2019/20	(68.815)	123.369	54.554



Consultations on 2019/20 proposals

There are no public consultations planned on any 2019/20 proposals

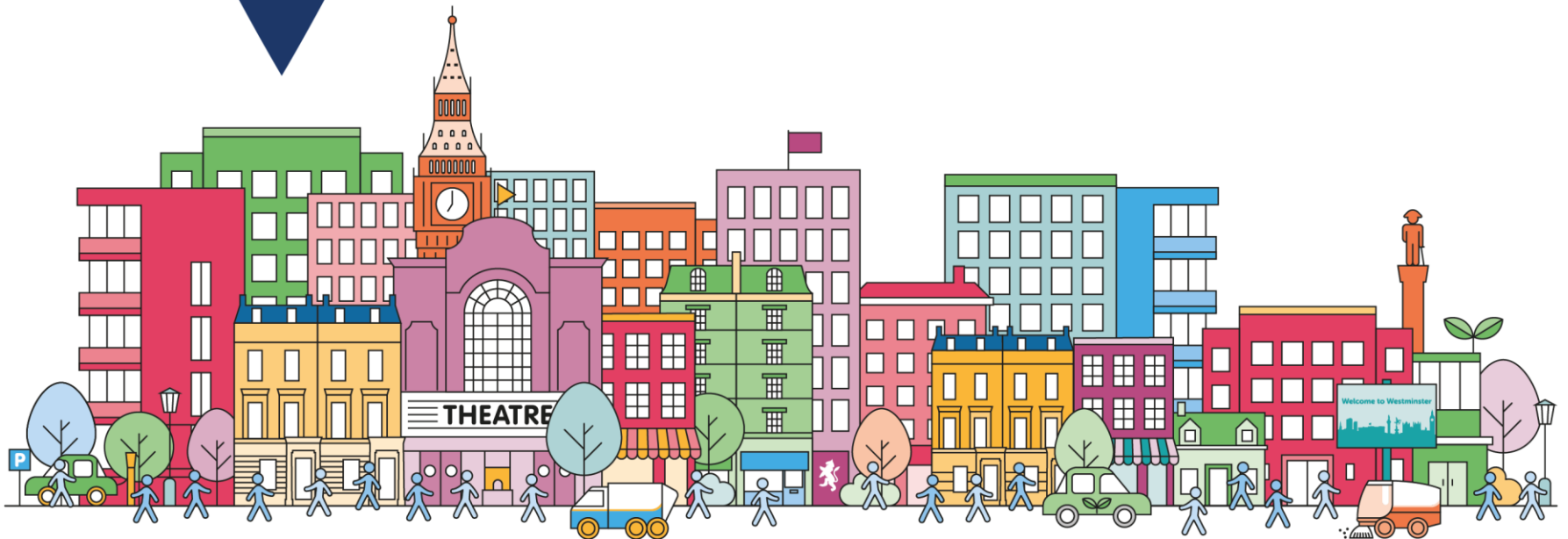




Budget and Performance Task Group

Public Health

Bernie Flaherty, Executive Director



Executive Summary

- In 2018/19 Public Health received a grant income of £31.250m out of which we are required to transfer £0.791m to the CCG for dietetics services retained by the NHS.
- The budget for 2018/19 is £32.274m utilising £1.024m from the Public Health reserve.
- The 2019/20 budget assumes full use of the grant of £30.425m. The level of grant will reduce by £0.825m (2.6%) when compared with 2018/19.
- Efficiencies of £1.8m are planned for 2019/20 in order to mitigate pressures and remain within the grant.
- The 2019/20 budget will be supported by drawing down £1.455m from the PH reserve, leaving a reserve carried forward of £3.812m.



2019/20 Key Issues

- The Department of Health has announced continued reductions to the grant funding for Public Health.
- Reprioritisation of funding to acknowledge Public Health outcomes delivered elsewhere in the Council.
- Mandated responsibility to manage health protection emergencies that may arise.
- Re-procurement of large contracts to better address the Public Health requirements in Westminster.
- Reserves built up from previous years are being used to balance the budget.



Public Health Budget 2018/19

The key controllable service area budgets for 2018/19 are broken down as follows:

Service Area	Income £m	Expenditure £m	Net Budget £m
Department of Health Grant	(31.250)	0	(31.250)
S113 Income	(2.871)	0	(2.871)
Dietetics funding return to NHS	0.791	0	0.791
Commissioned services	0	20.377	20.377
PH Investment Fund	0	9.050	9.050
Salaries and overheads	0	3.743	3.743
Corporate recharges	0	1.184	1.184
Transfers from reserves	(1.024)	0	(1.024)
TOTAL Service Budget 2017/18	(34.354)	34.354	0



2019/20 Transformation, Efficiencies, Financing and Commercial Proposals (1)

Procurement and commissioning (£1.251m): Several contracts will be combined and an efficiency generated through reduced overheads and lower pricing than individual lots. Larger pan-London procurements are also reshaping services across London to improve the service to our residents and generate savings.

Reducing demand and better sign-posting (£0.117m): For some budgets, the anticipation of a higher level of demand has not materialised, leading to budget reductions and therefore savings. In other cases, existing contracts have been varied to boost capacity where similar contracts have ended.

Ending of time-limited contracts (£0.440m): Time-limited contracts are being allowed to expire, in addition to ending smaller service contracts that can be incorporated into similar, larger service contracts.



2019/20 Transformation, Efficiencies, Financing and Commercial Proposals (2)

Public Health is therefore proposing to make the following savings to reduce the overall cost of the service:

Reference	Key Initiatives	£m
PH1	Procurement and commissioning	1.251
PH2	Reducing demand and better sign-posting	0.117
PH3	Ending of time-limited contracts	0.440
	Total	1.808



2019/20 Budget Pressures

Estimated Pressures	£m
Reduction in grant funding	0.804
Staffing budget impact of moving to bi-borough working	0.200
Increased prioritisation to health outcomes across the Council	1.205
TOTAL	2.209

Reduction in grant funding (£0.804m) - the Government has confirmed a continuation of the 2.6% reduction in funding to the Public Health grant.

Staffing budget impact of moving to bi-borough working (£0.200m) - the result of transferring to a bi-borough operating model within Public Health leads to an increased overall cost for the service.

Increased prioritisation to health outcomes across the Council (£1.205m) - the increase in contributions from the Public Health grant into other council services where Public Health outcomes are being delivered.



Public Health Budget 2019/20

The key controllable service area budgets for 2019/20 are broken down as follows:

Service Area	Income £m	Expenditure £m	Net Budget £m
Department of Health Grant	(30.425)	0	(30.425)
S113 Income	(1.376)	0	(1.376)
Dietetics funding return to NHS	0.770	0	0.770
Commissioned services	0	18.569	18.569
PH Investment Fund	0	10.255	10.255
Salaries and Overheads	0	2.448	2.448
Corporate recharges	0	1.184	1.184
Transfers to/(from) reserves	(1.425)	0	(1.425)
TOTAL Service Budget 2019/20	(32.456)	32.456	0



Consultations on 2019/20 proposals

There are no public consultations planned on any 2019/20 proposals

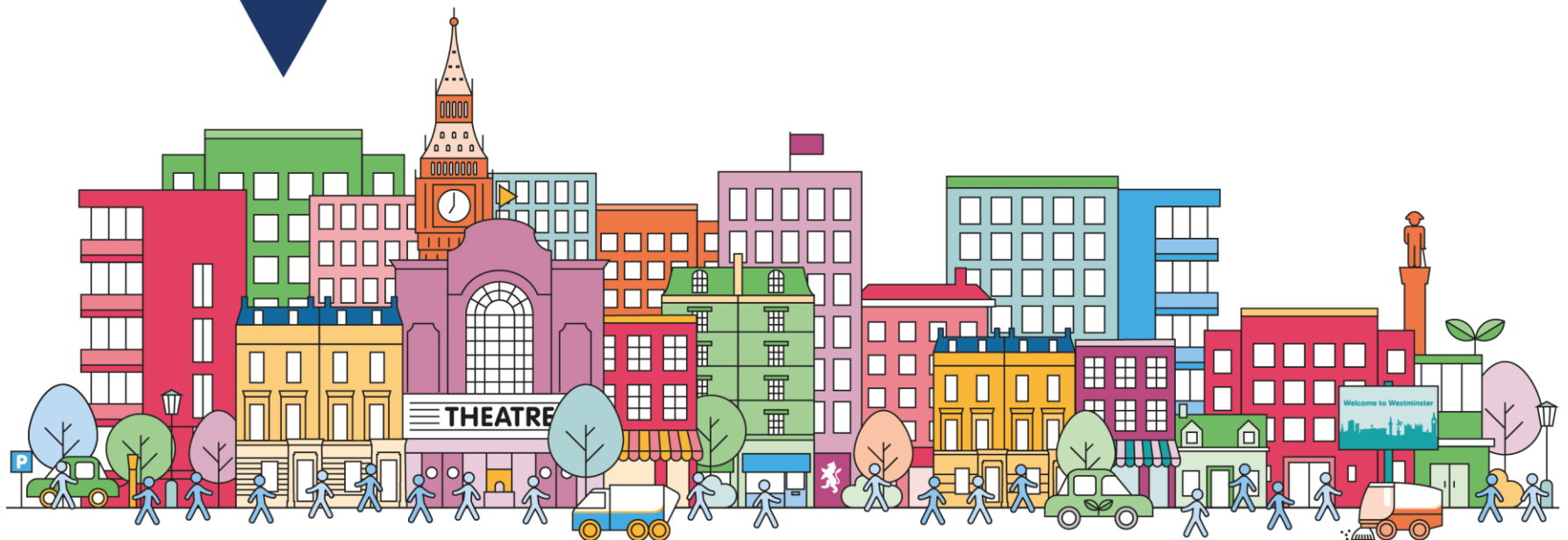




Budget and Performance Task Group

Children's Services

Melissa Caslake, Executive Director



Executive Summary

- In 2018/19 Children's Services was allocated a gross controllable expenditure budget of £134.985m and a gross income budget of £106.228m (net controllable budget £28.757m)
- The projected outturn variance for 2018/19 is a £2.120m overspend
- The budget envelope for 2019/20 contains pressures of £1.438m
- The directorate has identified transformation, efficiencies, financing and commercial proposals totalling £0.846m



2019/20 Key Issues (1)

Increased demand for services, including:

- Greater awareness of “Staying Put” rights for children leaving care in the Children's and Families' Act 2014.
- Unaccompanied Asylum Seeking Children becoming care leavers.
- The Children and Social Work Act 2017 providing a statutory duty on the authority to provide support to care leavers until the age of 25.

Constrained financial position of partners in the care pathway and potential for changes in cost sharing arrangements.



2019/20 Key Issues (2)

- School organisation – spare places and viability of schools with falling rolls.
- National Funding Formula and funding pressures for schools and for pupils with special educational needs (SEN)
- Cost pressures in schools reducing capacity to purchase Council traded services.
- Increasing demand for education, health and care plans (EHCPs)



Children's Services Budget 2018/19

The key controllable service area budgets for 2018/19 are broken down as follows:

Service Area	Expenditure £m	Income £m	Net Budget £m
Education	22.247	(18.541)	3.706
Family Services	25.586	(5.067)	20.519
Integrated Commissioning	4.007	(1.725)	2.282
Operations and Programmes	16.326	(15.102)	1.224
Safeguarding, Review and Quality Assurance	1.113	(0.087)	1.026
Schools	65.705	(65.705)	-
TOTAL Budget 2018/19	134.984	(106.227)	28.757



2019/20 Transformation, Efficiencies, Financing and Commercial Proposals (1)

The directorate is proposing a series of initiatives to support balancing the 2019/20 budget. These total £0.846m.

Reference	Key Initiatives	£m
8.22	Review of Grant Utilisation across Children's Services	0.446
8.23 (EIA)	Collaborative Commissioning	0.200
8.24	Lean Operations Review	0.200
	Total	0.846

Information on the key savings initiatives is provided below:

Review of Grant Utilisation across Children's Services (£0.446m):

Review of preventative services and delivery across a range of partners and providers. Aligning current provision to remove duplication and ensure efficient delivery and a sustainable and effective early help offer across Westminster. Whilst ensuring eligible services with public health outcomes are attributed against grant funding where feasible.



2019/20 Transformation, Efficiencies, Financing and Commercial Proposals (2)

Collaborative Commissioning (£0.200m): This work is focused on the CAMHS offer to schools, and is seeking to work with them on the development of a whole school model of emotional health and wellbeing support for children and young people.

Lean Operations Review (£0.200m): Placement Reduction – Review of the placement strategy and better use of framework agreements to deliver more favorable unit costs for purchasing accommodation for children and improving the use of the in-house fostering team.

Forensic Contract Review – A comprehensive review of all expenditure in contracts, non-pay and inefficiencies in processes to ensure efficiency is maximised whilst maintaining quality.



2019/20 Budget Pressures

Estimated Pressures	£m
Family Services – Placements	1.177
Education – School Transport	0.261
TOTAL	1.438

Family Services – Placement related pressures (£1.177m) - this pressure is made up of two overriding different factors:

- The number of Unaccompanied Asylum Seeking Children presenting within the borough has increased and is modelled at £0.333m
- Changes to legislation and increased numbers of children leaving care requiring support modelled at £0.844m

School Transport (£0.261m) - This pressure is driven by increased volumes and better awareness of services provided by the Local Authority.



Children's Services Budget 2019/20

The key controllable service area budgets for 2019/20 are broken down as follows:

Service Area	Expenditure £m	Income £m	Net Budget £m
Education	22.508	(18.541)	3.967
Family Services	26.668	(4.972)	21.696
Integrated Commissioning	3.361	(1.725)	1.636
Operations and Programmes	16.126	(15.102)	1.024
Safeguarding, Review and Quality Assurance	1.113	(0.087)	1.026
Schools	65.705	(65.705)	-
TOTAL Budget 2019/20	135.481	(106.132)	29.349



Consultations on 2019/20 proposals

The following consultations have been arranged in respect of 2019/20 proposals:

Proposal name	8.23 - Collaborative Commissioning
Value (£'000)	200
Consultation Period	October – December 2018
Status of consultation	Under Consultation
Impact/amendments?	TBC

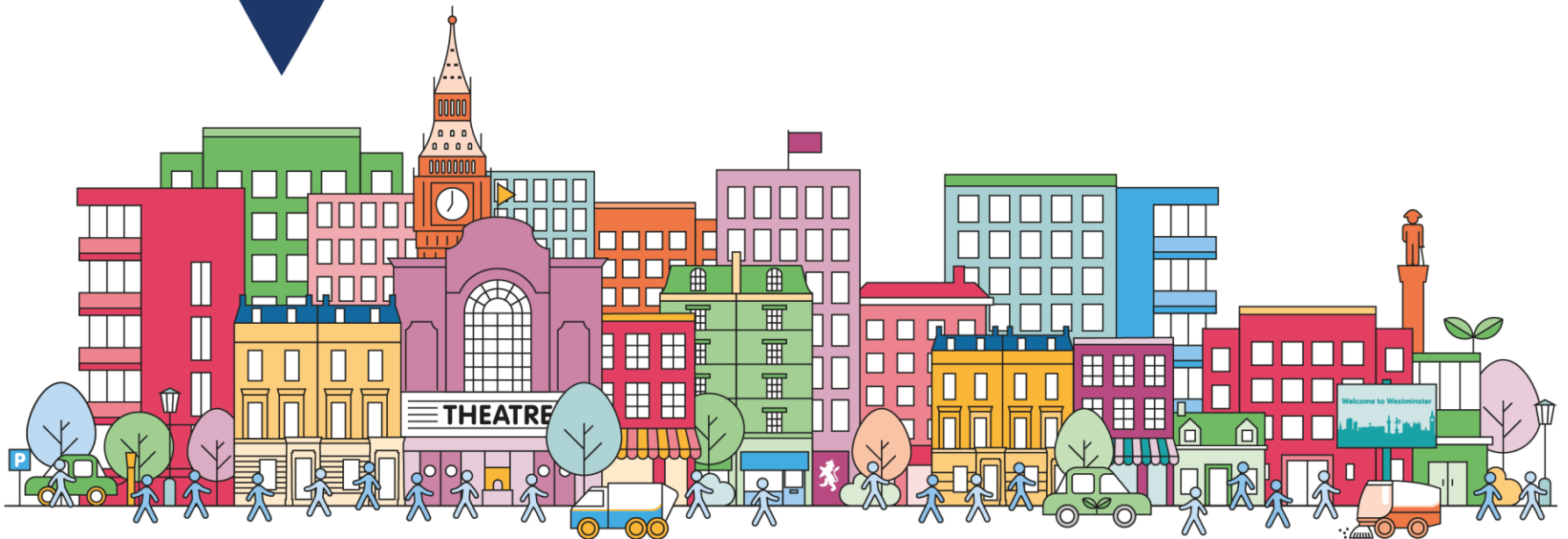




Budget and Performance Task Group

Growth, Planning and Housing

Barbara Brownlee, Executive Director



Executive Summary

- In 2018/19 Growth, Planning and Housing was allocated a gross controllable expenditure budget of £320.396m and a gross income budget of £295.397m (net controllable budget £24.999m)
- The projected outturn variance for 2018/19 is to budget
- The budget envelope for 2019/20 contains pressures of £2.150m
- The directorate has identified transformation, efficiencies, financing and commercial proposals totalling £3.971m for 2019/20



2019/20 Key Issues

- Continued delivery of Affordable Housing and Major Regeneration schemes such as Ebury Bridge and Church Street
- Establishment of a New Facilities Management service
- Implementation of the service reviews currently taking place within the city's Development Planning function and the delivery of housing services through City West Homes
- Manage the impact of Universal Credit as it is rolled out



Growth, Planning and Housing Budget 2018/19

The key controllable service area budgets for 2018/19 are broken down as follows:

Service Area	Income £m	Expenditure £m	Net Budget £m
Development Planning	(7.977)	9.829	1.852
Economy	(0.124)	0.829	0.705
Growth, Planning and Housing Directorate	0.036	1.434	1.470
Housing Operations	(256.216)	279.840	23.624
Place Shaping	(0.400)	1.136	0.736
Property Investments and Estates	(21.995)	18.608	(3.388)
WAES	(8.720)	8.720	-
TOTAL Budget 2018/19	(295.397)	320.396	24.999



2019/20 Transformation, Efficiencies, Financing and Commercial Proposals (1)

Information on the key savings initiatives is provided below:

Corporate Property Strategy (£1.500m): This saving will be delivered through income from the Dudley House residential scheme which is due to open in Spring 2019.

Property rationalisation and asset management (£1.420m): Approximately £0.750m will be achieved via additional income from completing rent reviews, lease renewals and general asset management activity within the Council's existing investment portfolio. The remainder is expected to be achieved through further rationalisation of the Corporate portfolio and Business Rate reviews.

Housing GF (£0.200m): Savings will be delivered through ongoing procurement and contract management. This includes the Pan London temporary accommodation procurement, reducing spend on temporary accommodation through acquisition of housing units and other housing contracts.



2019/20 Transformation, Efficiencies, Financing and Commercial Proposals (2)

GPH 5% Vacancy factor (£0.751m): Implementation of a vacancy factor across the Directorate to reflect current staffing levels and timeframes of recruitment.

City West Homes Efficiency Saving (£0.100m): As part of the business transformation investment undertaken by CWH over the last few years efficiencies in their IT provision are expected for those services provided to Housing General Fund departments.



2019/20 Transformation, Efficiencies, Financing and Commercial Proposals (3)

The directorate is therefore proposing a series of initiatives to support balancing the 2019/20 budget. These total £3.971 million.

Reference	Key Initiatives	£m
1.25	Corporate Property Strategy	1.500
1.40	Property rationalisation and asset management	1.420
4.18	Housing GF	0.200
4.19	GPH 5% Vacancy Factor	0.751
4.20	CHW Efficiency saving	0.100
	Total	3.971



2019/20 Budget Pressures

Estimated Pressures	£m
Facilities Management Costs	1.250
Developer Income	0.900
TOTAL	2.150

Facilities Management Costs (£1.250m): This pressure is related to the exit of the Amey contract as the Council will have to procure new Facilities Management (FM) packages and put in a place a new FM staffing structure. The pressure is based on high level estimates of the increase in the FM budget linked to market rates for these packages and the cost of creating a new FM team.

Developer Income (£0.900m): This pressure relates to income received from some of the Council's development projects. The income was budgeted to be received on these projects up to 2018/19 in line with the original project timelines, with the income then falling away from 2019/20.



Growth, Planning and Housing Budget 2019/20

The key controllable service area budgets for 2019/20 are broken down as follows:

Service Area	Income £m	Expenditure £m	Net Budget £m
Development Planning	(7.977)	9.829	1.852
Economy	(0.124)	0.829	0.705
Growth, Planning and Housing Directorate	0.036	0.583	0.619
Housing Operations	(256.316)	279.740	23.424
Place Shaping	(0.400)	1.136	0.736
Property Investments and Estates	(23.899)	19.741	(4.158)
Westminster Adult Education Services (WAES)	(8.720)	8.720	-
TOTAL Budget 2019/20	(297.400)	320.578	23.178



Consultations on 2019/20 proposals

There are no public consultations planned on any 2019/20 proposals





Budget and Performance Task Group

Growth, Planning and Housing – Housing Revenue Account (HRA)

**Barbara Brownlee, Executive
Director**



Executive Summary

- The HRA is a ringfenced account under statute
- We model the HRA over 30 years to see how cyclical works, regeneration plans and changes in government legislation such as rent levels affect capex, borrowing and reserves
- The current model shows that the plan is affordable, minimum reserves are maintained at circa £11m
- The latest forecast outturn in 2018/19 is in line with budget. This represents a contribution to HRA reserves of £6.960m.
- The revenue budget for 2019/20 includes agreed savings by City West Homes of £0.950m



Housing Revenue Account Budget 2018/19

The key budget lines for 2018/19 are broken down as follows:

	Net Budget £m
Dwelling rent	(74.464)
Service & Facilities Charges	(19.900)
Other income	(20.269)
Housing management costs	54.171
Repairs & Maintenance	18.300
Capital charges	35.167
Net contribution before Capital financing 2018/19	(6.996)



2019/20 Key points of note

- Continuation of the 1% rent reduction (2019/20 is the final year). Combined with other changes in mix through units bought/sold and regeneration impact, rent from dwellings will fall by £0.760m
- The CityWest Homes (CWH) transformation programme comes to an end with the £0.5m of budget included for 18/19 now reduced.
- Ongoing savings of £0.95m are being delivered by CWH to benefit the HRA through reductions to the management fee of £0.25m, £0.5m on responsive repairs and £0.2m of transformation savings.
- An ongoing revenue budget of £0.5m has been established to capture the revenue costs associated with the HRA regeneration schemes.
- Inflation of £246k has also been added to account for anticipated uplift in the management fee, with a further £590k of other inflationary increases.
- Service review into the delivery of Housing Services through City West Homes is currently being undertaken but no assumptions around financial impacts for 19/20 have been included.



Housing Revenue Account Budget 2019/20

The key budget lines for 2019/20 are broken down as follows:

	Net Budget £m
Dwelling rent	(73.700)
Service & Facilities Charges	(19.900)
Other income	(20.269)
Housing management costs	53.967
Repairs & Maintenance	18.390
Capital charges	35.092
Net contribution before Capital financing 2019/20	(6.420)

