



City of Westminster Cabinet Report

Decision Maker:	Cabinet
Date:	25th February 2019
Classification:	General Release
Title:	2019/20 Budget and Council Tax Report
Wards Affected:	All
Policy Context:	To manage the Council's finances prudently and efficiently
Finance Summary:	This report sets out the Council's budget for the 2019/20 financial year
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1 Executive Summary

City for All: The Council's strategy and priorities

- 1.1 Westminster City Council's strategy, City for All, strives to make Westminster a place where people are born into a supportive and safe environment, grow and learn throughout their lives, build strong careers in world-leading industries, have access to high quality, affordable homes and retire in the community with dignity and pride.
- 1.2 The Council's approach to realising this ambition is based on achieving success in five distinct areas. Westminster will be a:
 - City of opportunity where everyone has the opportunity to build their lives, careers and families here;
 - City that offers excellent local services, where we continue to drive improvements, working with our partners to make sure the city is safe, clean

and well, maintaining our national reputation for providing excellent local, value for money services;

- Caring and fairer city where our most important priority is to care and support the most vulnerable within our community;
- Healthier and greener city where children growing up and going to school in Westminster have a healthy start in life and to breathe clean air;
- City that celebrates its communities where everybody has a stake in the city and can actively contribute to their community.

1.3 Over the past 12 months the Council has delivered against these priorities.

We have created opportunities

- We are on track to deliver our target of 2,000 new affordable homes by 2023. 467 of these homes are currently under construction, with the remaining homes due to start and complete by March 2024.
- We have helped almost 750 unemployed residents into work.
- We have published a draft City Plan setting out a bold vision for the city for the next 20 years.

We have maintained excellent local services

- Our Children's Services remain Ofsted rated 'outstanding'
- We have launched the new Soho Angels and Night Hub service which has helped more than 160 who become vulnerable while on a night out get home safe.

Caring and supporting the most vulnerable has remained our most important priority

- We have raised over £0.600m through our ground-breaking community contribution scheme to invest in local projects that support youth services, tackle loneliness and isolation and help rough sleepers off the streets.
- We are on-track to open a new 84-bed home by July 2020 to provide specialist care for people living with dementia as part of a wider dementia strategy to support those and their families living with this difficult illness.

We have made our city healthier and greener

- Our Healthy Schools programme is bringing together action on air quality, oral health and obesity to benefit the 42,600 children who live, learn and grow up in Westminster.
- We successfully trialled the diesel surcharge in Hyde Park, Marylebone and Fitzrovia, achieving a 16% reduction in the number of older diesel vehicles parking,

We have celebrated the city's diversity and make sure local people are at the heart of every decision we make

- Over 3,000 people took part in the second annual #MyWestminster Day at Paddington Rec in July 2018 and the #MyWestminster Programme has funded £0.323m in grants to voluntary organisations, resident, faith and community groups for local projects.
 - We have brought forward proposals to allow residents to speak at planning committees.
 - Held Open Forum events where residents can question the Cabinet and get involved in local decision making.
- 1.4 The Council remains committed to delivering excellent local services over the coming 12 months and all budget proposals have been tested against the City for All priorities. The Council must ensure that it remains in a robust financial position in the face of mounting pressures and risks over the coming years. Over the next 12 months, the Council must achieve savings of c£36m to meet growing demand for services and further reductions in funding
- 1.5 From 2020/21, the Council will face much wider financial uncertainty. Under the Government's current plans to reform how Local Government is funded, Westminster City Council faces potential risks from a reduction in funding as part of the next stage of Business Rates Retention, the Government's Spending Review and Fair Funding Review.
- 1.6 Given these constraints placed on the Council the by Government and in the absence of any flexibilities to raise Council Tax for higher value properties, the Council has examined every area of operation to identify opportunities to reduce costs and generate additional income. Based on guidance published by the Government in the Fair Funding consultation, the expectation is that low tax local authorities such as Westminster are to bring their Council Tax levels in line with the national average.
- 1.7 In line with this, the proposed savings are therefore from measures which avoid service reductions and come instead from efficiencies, transformation and additional income generation, including a modest increase to Council Tax equivalent to an extra 4p a day for Band D equivalent household.

Updates since Full Council in November 2018

- 1.8 For 2019/20, the Council has continued with its robust Medium-Term Planning process. It was therefore in a position to put forward budget proposals for 2019/20 for consideration by Cabinet and Full Council in October and November 2018. This has provided a greater period of time for reviewing and planning of budget

proposals which has allowed more time to be spent ensuring a smooth implementation and supporting the achievement of these budget changes.

1.9 Since the position on 2019/20 was presented to Full Council in November 2018, some changes have arisen which include:

- final allocations for 2019/20 by Central Government to some of the Council's grants as part of the 2019/20 settlement;
- additional pressures to budgets which could not have been reasonably foreseen earlier e.g. continued growth in UASC numbers;
- other changes which are not finalised until the third quarter of the year e.g. the number of Band D equivalent dwellings in the 2019/20 Council Tax base;

1.10 These developments have been closely monitored and along with the development of the budget proposals which has again been a challenging process have identified final gross savings of £35.848m for 2019/20. As in previous years, the proposed savings are from measures which avoid service reductions e.g. additional income generation, efficiencies and other transformation means.

1.11 The Council's budget proposals will provide a balanced budget for 2019/20. Furthermore, the Council is well placed to meet its future financial challenges if management action on budget proposals continues as currently envisaged and planned.

1.12 As at period 8, service area revenue budgets are projected to underspend by £1.697m by year-end. All variances are subject to continued active management throughout the financial year and it is anticipated that a favourable variance will be delivered by year end in line with the Council's recent track record. The Council tracks and monitors performance monthly and any risks are reported through routine management reporting along with the progress being made against the savings targeted for the year. Westminster adopts a robust and pro-active approach to budget management, with a focus on strategic (corporate) and operational (service areas) risks and opportunities.

1.13 The capital programme is set in detail over the period from 2018/19 to 2032/33 at a gross General Fund budget of £2.643bn and is funded through the use of external funding, capital receipts and borrowing. The capital programme for the Housing Revenue Account (HRA) is updated annually as part of the HRA's 30 year Business Plan which is presented to Cabinet alongside this report.

1.14 Capital investment is targeted to deliver the aims of City for All e.g. delivering 2,000 affordable homes, improved facilities and well-maintained infrastructure and public realm. This will help Westminster to maintain its status as a key global centre for business, retail, entertainment and tourism and continue to provide first

class services for our residents. The Capital Strategy contains further details on the capital schemes and is reported separately on this agenda.

- 1.15 The Council has examined every area of operation to identify opportunities to reduce costs and generate additional income. The Council is also investing through its capital programme to ensure its property portfolio remains fit for purpose to deliver first class services and generate commercial income. This climate of austerity and increasing demands will continue for the foreseeable future but the Council has a strong track record of continued leadership and management action to be able to deliver a balanced budget for 2019/20 and beyond.

2 Recommendations

- 2.1 The Cabinet be recommended to note the following:

- that the local element of Council Tax for 2019/20 will be increased by 2.1% (CPI inflation as at December 2018) for a Band D equivalent household;
- that the draft cash limited budgets for the Housing Revenue Account (presented in Schedule 8 of this report) are set out for approval in the Housing Investment Strategy and Housing Revenue Account Business Plan;
- that Council has completed its payment of £30m from flexible use of capital receipts as approved by Council and set out in paragraph 7.6;
- that the pressure in respect of the Clinical Commission Group (CCG) decisions to reduce funding passed to the Council under the Better Care Fund may impact on the council's budget (paragraphs 6.21-6.26);

- 2.2 That Cabinet be recommended to approve the following:

- the 2019/20 budget, as set out in this report, and recommend to the Council, the Tax levels as set out in the Council Tax resolution at Annex C;
- that local element of Council Tax is increased by 2% in respect of the Adult Social Care Precept as permitted by Government and anticipated in their Core Spending Power assumptions;
- that as a consequence of the 2.1% change in Council Tax and the 2% increase in the Adult Social Care precept, the local element for Band D properties be confirmed for 2019/20 as £433.34;
- that subject to their 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 2020, be as specified in the Council Tax Resolution in Annex C (as may be amended).

- That the Precepts and Special Expenses be as also specified in Annex C for properties in the Montpelier Square and Queen's Park Community Council;
- that the Council Tax be levied accordingly and that officers be authorised to alter the Council Tax Resolution as necessary following the final announcement of the Greater London Authority precept;
 - that the Council approves the budget proposals presented to Council on 7 November 2018 which were approved in principle pending the completion of relevant external consultations as outlined in Paragraph 10.17;
 - that the views of the Budget and Performance Task Group set out in Annex A be considered as required;
 - that the draft cash limited budgets for each General Fund service with overall net expenditure for 2019/20 of £180.436m (as set out in Schedule 3) be noted;
 - that the Section 151 officer be required to submit regular reports as necessary on the implementation of the savings proposals and on the realisation of pressures and mitigations as part of the regular budget monitoring reports;
 - that the Section 151 officer be delegated responsibility for any technical adjustments required to be made to the budget (in line with the Council's Financial Regulations);
 - that the cost of inflation, pressures and contingency be issued to service budgets if and when the need materialises, to the limits as contained within Schedule 4d signed off by the Section 151 officer;
 - that the views of consultees and consultation approach, as set out in section 10, be considered by Council;
 - the Council continues as previously agreed to make recurrent additional £4m contributions as part of the on-going annual contributions as set out in paragraph 7.6;
 - that the previously approved use of new capital receipts be used under the freedoms of the Flexible Capital Receipts regulations be used to fund revenue expenditure on City Hall, Digital Programme and Pension Deficit Recovery programmes which lead to future ongoing savings (and subject to review at year end to determine the actual costs, savings and financing by the Section 151 officer) be recommended to Council for approval;
 - that the proposed use of new capital receipts be used under the freedoms of the Flexible Capital Receipts regulations to finance future revenue expenditure on other relevant and applicable programmes which arise in the future during the duration of the regulations and which lead to ongoing savings (and subject

- to review at year end to determine the actual costs, savings and financing by the Section 151 officer);
- that the Section 151 officer be delegated responsibility to transfer any potential surplus Business Rates revenue into a reserve to mitigate the potential impact of business rates volatility and to support future years' revenue budgets;
 - that to the extent that the Council is unable to mitigate the CCG funding reductions through novating contracts across to the NHS, through service contracts coming to the end of their natural term, or through allocation from the social care support grant or business rates levy grant, then Council reserves may be used in 2019/20 to offset the pressure and balance the Council's budget;
 - the Council continues the Westminster Community Contribution to allow the most expensive (Band H) properties 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 helping people who are lonely and isolated;
 - that the Equality Impact Assessments included in Annex B be received and noted to inform the consideration of the budget after approval; and
 - that the Cabinet recommend that this report be submitted to the meeting of the Council on 6th March 2019.

3 Reasons for Decision

- 3.1 The preparation of the budget is the final stage of the annual business planning cycle leading to the approval of the Council Tax for the forthcoming financial year. There is a statutory requirement to set a balanced budget and submit budget returns to the Ministry of Housing, Communities and Local Government (MHCLG). Approval of the revenue estimates constitutes authority for the incurring of expenditure in accordance with approved policies.
- 3.2 It should be noted that a set of budget proposals were presented to Cabinet in October 2018 and then to Council in November 2018, this offered an early opportunity to note and approve budget changes in principle for 2019/20. These proposals were assessed at the time as to whether they required consultations and equality impact assessments (EIA). Completed EIAs were made available to all members.

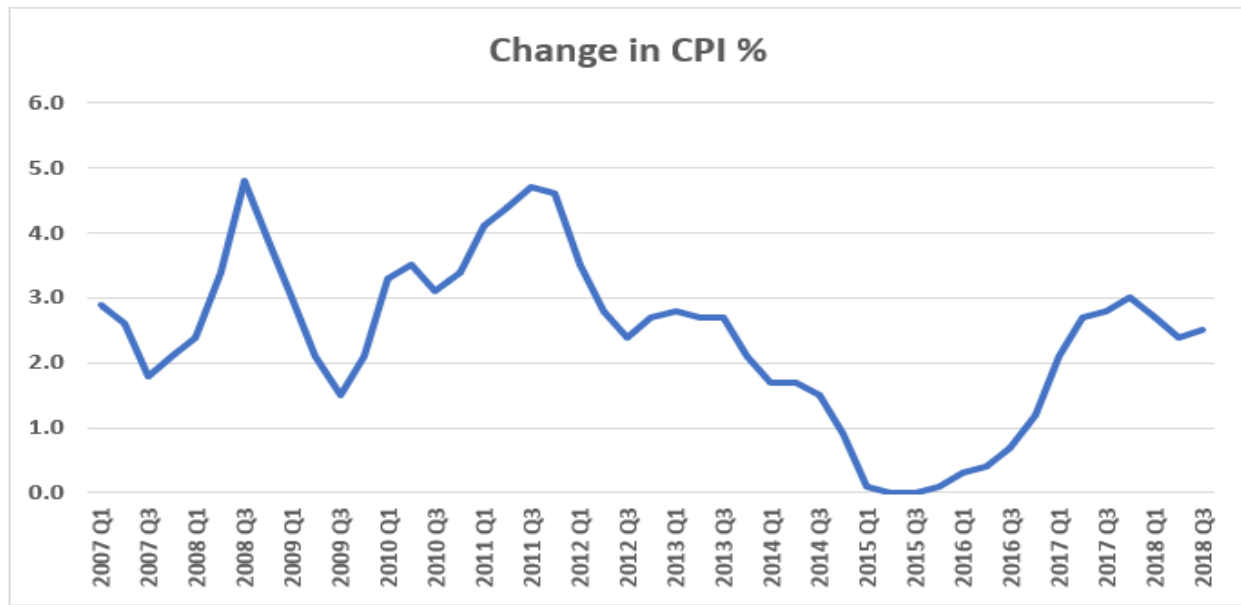
4 Financial Context

Background: National Landscape

- 4.1 Over the past decade, the Council has faced significant financial challenges stemming from the economic downturn in late 2007 and subsequent austerity measures. For instance, the Council has had to contend with:
- grant funding reductions from Central Government;
 - demand led pressures impacting services e.g. due to demographic or legislative changes;
 - other external factors e.g. Government policy changes as part of managing austerity.
- 4.2 The level of reductions and changes to Local Government funding itself since 2010/11 makes year on year comparisons of funding changes complex. The National Audit Office (NAO) stated in their report from March 2018, “Financial Sustainability of Local Authorities 2018” that between the period 2010/11 to 2017/18, English local authorities had lost an average of 49.1% of their government funding.
- 4.3 London Councils undertook a more detailed analysis of government funding reductions and estimated that between 2010/11 to 2019/20:
- English local authorities (excluding the GLA and Fire Authorities) as a whole will have lost 60.9% of their core funding;
 - more specifically, London Boroughs will have lost on average 57.4% of their core funding from Central Government.
- 4.4 The Council estimates that between 2010/11 to 2019/20, its total estimated loss in Government funding will be circa 51.2%.

General Volatility

- 4.5 These financial challenges have created a climate of uncertainty for councils that have had to manage funding reductions against the need to provide for risks and pressures, many of which are volatile and subject to variables outside of the Council’s control e.g. inflation. The graph below illustrates the changing nature of CPI inflation as recorded by the Office of National Statistics for the period between January 2007 to December 2018:



Source: Office of National Statistics

- 4.6 As the U.K. continues with the process of exiting from the EU, this climate is expected to continue. Irrespective of Brexit, the Government's previous Budget announcements and Spending Reviews had already indicated continued funding reductions for Local Government. The Council will need to continue to be innovative and adapt to this environment by developing a strong understanding of future changes e.g. localised business rates retention, Fair Funding etc and actively lobbying to ensure that the best interests of residents and other stakeholder's are heard.

Transfer of Risk

- 4.7 The Local Government finance system has fundamentally changed since 2010/11. The previous system was highly centralised and distributed Revenue Support Grant, nationally pooled Business Rates and other specific grants to authorities based on formulae to assess needs.
- 4.8 The introduction of the Business Rates retention mechanism from 50% retention in 2013/14 to the upcoming 75% retention level was envisaged to make Local Government more self-reliant but consequently meant that individual councils would bear more risk than previously.
- 4.9 This shift in risk has occurred since 2010, in the gradual move away from centralisation to that of localisation and greater emphasis on the provision of financial incentives in the funding system. The more visible examples of this includes:

- the introduction of the Business Rates Retention scheme in 2013/14 which left authorities' core funding exposed to the impact of appeals, wider changes in the local economy outside of the Council's control etc;
- the projected national flat, real growth in Business Rates leaving authorities and regions exposed in terms of adequacy and certainty of long-term funding;
- abolition of Council Tax Benefit Subsidy and replacement with localised Council Tax Support schemes (with less funding to begin with);
- the increased expectation on local decision-making on the ASC Precept as a means to address the national pressures in Adult Social Care.
- The funding of the New Homes Bonus grant, which is dependent on local housing growth but has been reformed to abolish rewards for growth in earlier years. The future of this particular grant is uncertain beyond 2019/20.

London Landscape

- 4.10 London and in particular, Westminster, provide services in a unique and challenging environment. Based on research from London Councils, London continues to contend with the following:

Population

- 4.11 An increase in population since 2010 of c900k people or 11.2%. This growth is more than double that across the rest of England. Since the current funding assessment of needs was last calculated in 2013/14, effectively London has continued to provide services to a larger population without any additional funding.
- 4.12 Further analysis by London Councils reveals that of this population growth, there has been:
- A 14% increase in the child population and 18% increase in the over 65's population;
 - A 15% (or 480k) increase in the number of households but accompanied by a 52% increase in the number of people in temporary accommodation (c19k households);
- 4.13 For some of the services provided by the Council, there is a strong correlation between growth in population and service demand e.g. waste collection and disposal, highways maintenance and public health. The added complexities from the other demographic changes above further increases demands and cost for the Council.

Service Expectations

4.14 Paragraph 4.7 describes how there has been an increased transfer of risks to local authorities. There are also more service responsibilities and expectations that have transferred across to the Council since 2010 but without sufficient funding. A selection of these are discussed below.

- Public Health responsibilities transferred to Local Government in 2013/14 but funding is estimated to be have reduced since then by 5%. However, over the same period, NHS funding has risen by c20% and continues to increase.
- Authorities also incur under-funded costs from supporting people with No Recourse to Public Funds (NRPF) and also from Unaccompanied Asylum Seeking Children (UASC) up to the age of 25. This is a particular pressure for the Council as there are number of embassies, high commissions and major transport hubs in the borough which attract NRPF and UASC clients.
- The cost of the Homelessness Reduction Act of 2017 is estimated to cost c£80m a year in London but only £14m of new burdens funding was allocated to London boroughs. Based on statistics from the Land Registry, the Council has the 2nd highest average price of housing in London (based on all average sales price between January 2017 and September 2018). Furthermore, based on Valuation Office Agency data, the Council has the 2nd highest levels of average private monthly rent measured across all property types between September 2016 to 2017. These high costs are largely outside of the Council's control and contribute to the housing pressures.

5 External Influences, Timeframes and Other Updates

5.1 The funding position and subsequent budget proposed in this report for 2019/20 is based on a multi-year settlement set out from the last Spending Review by HM Treasury in 2015/16. The 2019/20 settlement is the final year of this multi-year settlement. Presently though, the funding outlook beyond 2019/20 is less certain.

5.2 The Council's 2020/21 core funding will be dependent on the following three variables which are currently being scoped out by MHCLG:



5.3 The variables above are anticipated to develop and be finalised over the next eighteen months, a summary of the key events is presented below and is based on known information or reasonable assumptions based on past events (note that some of this subject to change as information is confirmed by Central Government):



- 5.4 The **Spending Review (A)** will be determined by HM Treasury and will set out how much budget is actually available to each Central Government department i.e. the size of the “national pot” of funding that MHCLG has to fund local authorities. This is currently being timetabled to be announced in Spring 2019 as part of the Spring Statement but in light of Brexit, Autumn 2019 is anticipated to be more likely as part of HM Treasury’s annual November Budget Statement.
- 5.5 The outcome of the **Fair Funding Review (B)** will take MHCLG’s share of funding and assess each individual authority’s “need” for this funding. The review will reset this assessment of needs for 2020/21 which has remained unchanged since 2013/14. The outcome of this review is expected to be implemented for 2020/21 but it is likely that the outcomes of the review will not be known until December 2019.
- 5.6 **Business Rates Retention (C)** is the mechanism for distributing the available, needs-assessed funding out to each individual authority i.e. Locally-retained Business Rates and for now Revenue Support Grant (RSG). The next phase of Business Rates Retention will also be implemented in 2020/21 where authorities will keep 75% of their local rates under a “simplified” system. RSG will be phased out by 2020/21.
- 5.3 The scale of changes proposed for 2020/21 are significant but the uncertainty around timing of announcements and consultations is of particular concern. The Council will continue to monitor these events and incorporate the necessary, estimated impacts where possible into its medium-term planning process.

Updates Since November 2018 Full Council

- 5.7 Following the approval of the 2019/20 Budget Proposals report at November 2018 Full Council, there have been some developments which could potentially impact the Council from 2018/19 onwards.

HM Treasury Autumn 2018 Budget

- 5.8 On the 29 October 2018, the Chancellor of the Exchequer announced the Autumn Budget. The key highlights include:

i. Economic and Fiscal Forecasts

- An improved set of economic forecasts, namely a projected reduction in the budget deficit compared to previous Budget announcements e.g. Public Sector Net Borrowing is projected to reduce down to c£20bn by 2022/23 and 2023/24. This is accompanied by a forecasted increase from tax receipts;
- Despite the above, debt as a percentage GDP remains high, this is partly due to technical adjustments that make annual comparisons difficult. Regardless of this, statistically, debt as a percentage of GDP is still higher than the pre-recession level of 40%;
- The forecasted growth in taxation receipts offers the opportunity to increase Total Managed Expenditure (TME) i.e. Government departmental budgeted spend and annually managed expenditure such as welfare benefits, pensions and debt. The Budget sets out that TME will grow by 1.2% per year from 2019/20 onwards. This is discussed further below as part of the Spending Review.

ii. Business Rates

- Further reliefs were announced with Business Rates bills for retailers with rateable values of less than £51k reducing by a 1/3. This will be effective from April 2019 for 2 years. The cost of this relief (estimated at £490m for 2019/20) will be funded by Central Government via Section 31 grant and should therefore be cost neutral to the Council.
- A mandatory relief was announced for public lavatories (public or privately owned). Again, this will be cost neutral to the Council.

iii. 2019 Spending Review and Central Government Budgets

- The Budget set out a five-year plan for Central Government budgets, as highlighted above this appears to indicate annual, real terms growth of 1.2% for the public sector as a whole.
- Whilst the above is not broken down into detail, announcements made in Summer 2018 already set out increased funding for Health. By 2023/24, funding for the NHS will increase by c£20bn.

- Additional funding for schools (a £475m in year increase in capital funding), defence (an additional £1bn across 2019/20 and 2020/21) and prisons and justice systems (£60m) was also announced.
- Details on the process and timetable for Spending Review were not set out in the Budget announcement.

iv. Local Government

- Additional funding for social care totalling £650m was announced. Of this, £240m was announced prior to the Budget at the Conservative Party Conference for Adult Social Care in 2018/19 and £410m in the Budget announcement itself for 2019/20 for both Adults and Children's Social Care. The latter was also caveated that the funding should be used in a way to reduce pressures on the NHS. The Council is expecting to receive a total allocation of £2.260m
- An additional £55m for the Disabled Facilities Grant (DFG) was announced for 2019/20, the assumption is that this will be distributed as per the current grant allocations;
- Funding of £450m has been set aside for repairing potholes, damaged roads and bridge safety.

- 5.9 All of the announcements in the Budget are subject to forecasts from the Office for Budget Responsibility (OBR) being accurate and remaining unaltered.

2019/20 Finance Settlement

- 5.10 The 2019/20 Provisional Local Government Finance Settlement was delayed due to the vote and subsequent debate on Brexit and was announced on 13 December 2018.

- 5.11 The provisional settlement was broadly in line with the multi-year settlement offer, information previously released e.g. on negative RSG and the Council's internal assumptions for budget setting. The key headlines include:

- A reduction of £8.500m in core funding which had already been anticipated and factored into the 2019/20 budget gap;
- Confirmation of the Business Rates 75% Retention pilot for London for 2019/20;
- The allocation of the New Homes Bonus grant for 2019/20 is a reduction of £0.514m against expectations and therefore represents a pressure;
- A continuation of the 2018/19 Council Tax referendum limit of 2.99% in 2019/20 for core Council Tax. If this option was applied, this would equate to c£1.600m of core funding;
- Based on estimated national Business Rates growth of around £2.4bn in 2018/19, £180m from the Business Rate's Levy account will be shared out across authorities as a one-off non-ringfenced grant. The Council expects to receive £1.364m which will be placed in reserves pending the outcome of the Fair Funding Review;

- The release of consultations for the next stage of the Fair Funding review, and Business Rates Retention Reform;
- The Adult Social Care Green Paper which has been delayed from Summer 2018 is expected to be released shortly.

The provision settlement was finalised with no changes for the Council on the 5th of February 2019.

Other Settlement and 2019/20 Information

5.12 The 2019/20 provisional settlement is the last settlement of the current Spending Review (from 2015) and raises some issues that the Council will monitor as part of preparing for the 2020/21 budget setting process. These include:

i. Uncertainty of grants post-2019/20

- New Homes Bonus Grant: there have been indications that from 2020/21 the funding for this grant and payments to authorities will reduce further and possibly cease altogether. Due to the introduction of a national baseline for growth (0.4%) and tapering of payments for earlier years of the scheme, the Council has lost c£10m in New Homes Grant since 2016/17;
- Improved Better Care Fund grant: the original allocation of this grant was for 2017/18 to 2019/20 and the Council's share of this was £36.8m over this period. Details of funding arrangements beyond 2019/20 are yet to be announced by Central Government;

ii. ASC Precept

- The ASC Precept was introduced in 2016/17 and was extended until 2019/20. This has provided a valuable source of income to fund Adult Social Care, however, there is no certainty on whether this Precept will continue beyond 2019/20.

iii. Negative RSG

- The planned reductions to core funding were set out in the multi-year settlement offer and based on existing regulations, reductions could only be applied to RSG. However, by 2019/20, some authorities would be in a "Negative RSG" position whereby their planned reductions for 2019/20 would exceed their actual RSG allocation;
- MHCLG have now confirmed that it will not implement c£152m of planned funding reductions to 168 authorities affected by Negative RSG and instead will bear the losses directly against their own share of Business Rates;
- The Council was not affected directly by the Negative RSG issue and it had planned to lose £8.500m in funding for 2019/20.

iv. London Business Rates Pooling Pilot 2019/20

- In 2018/19, Business Rates in London were fully pooled and redistributed between London boroughs. In 2019/20, the London Business Rate's pool will continue but as a pilot for 75% retention;
- The Council will not receive a RSG allocation if it continues to participate in the London pool. Instead the Council's Baseline funding position will be adjusted to reflect an equivalent amount of RSG (incorporating a planned loss of £8.500m);
- As before, the 2019/20 pilot pool will have a safety net so that if authorities' Business Rate collection drops below 95% of baseline funding level e.g. due to major business ceases operations then financial assistance is available to ensure no loss in funding. The safety net threshold will however, reduce from 97% to 95% i.e. the pool would have to bear the first 5% of any loss in Business Rates directly before any financial assistance is available;
- Based on the latest projections from London Councils' the above should not be of concern as total Business Rates growth of £200m is forecast for London. (This estimated is subject to change based on final NNDR 1 returns)
- Although Cabinet previously approved the Council's participation in the Pool for 2018/19 and 2019/20, the 2019/20 Pool has changed since the original offer in December 2017 and so a further Cabinet Member approval was sought in January 2019 to continue participation. The upside from the pool is dependent on all London boroughs' end of January returns. Any additional funding received through the pool will be placed into reserves to help mitigate any potential adverse financial impact following the Fair Funding Review for 2020/21.

6 Internal Service Updates

- 6.1 The Council is responsible for providing a range of General Fund services in the City of Westminster, there are inevitably a number of issues that might impact these services at any given time. Some key updates are presented below for a selection of these selections:

Adult Social Care (ASC) Precept

- 6.2 The offer by the Government to Adult Social Care authorities, effective from 2016/17, gave upper-tier authorities with ASC responsibilities the option to charge an additional precept on their Core Council Tax without the need to hold a referendum, to thus assist those authorities in meeting expenditure pressures in Adult Social Care.
- 6.3 There are on-going pressures on Adult Social Care budgets due to particular market cost pressures and forecast demand growth for care services as a result of increasing numbers of older people, people with disabilities and people with long term health conditions needing care. These demographic pressures are exacerbated by increasing pressure from hospitals to discharge patients in a timely fashion, particularly during the winter months. There is also added pressure from reduced capacity to make efficiencies from external care providers without

affecting the quality of care they provide, along with an increase in homecare costs – potentially exacerbated by changes to the Living Wage.

- 6.4 The state of the market and unavoidable cost pressures will continue to be a major challenge. Activity and level of complexity is increasing alongside demographic changes, workforce pressures from the Living Wage and the driving down of price are all major dynamics that are impacting on the availability and quality of services.
- 6.5 As at December 2018, 5,098 packages of care were being provided across Adult Social Care (encompassing community-based care and residential/nursing placements), a small decrease from June 2018. The reduction is mainly in nursing and residential packages and is due to people being discharged from hospital to temporary accommodation in rehabilitation facilities pending recovery where upon they will be provided with care packages. However, there has been an increased complexity of cases directly connected to managing risk with people with dementia and people with complex needs after hospital admission returning home and the service continue to work closely with the health service to discharge people in a timely manner.
- 6.6 As part of the 2019/20 MTP process, Council will apply the 2% ASC precept to fund its budget gap. This will be formally considered and approved by Full Council in March 2019.

Better Care Fund (BCF)

- 6.7 The Department of Health and Social Care (DoHSC) and MHCLG released the BCF Policy Framework on 31 March 2017. This policy framework for the Fund covers two financial years (2017-19) to align with NHS planning timetables and to give areas the opportunity to plan more strategically.
- 6.8 There are some changes compared to previous years, including a reduction in the number of national conditions and the introduction of the Improved Better Care Fund (iBCF) of £2bn over the three years 2017/18 to 2019/20. £1bn of this fund became available from 2017/18 and is being paid as a MHCLG grant direct to local authorities and ring-fenced to social care; the grant comes with conditions that it should be pooled into the Better Care Fund. Annual allocations to Westminster are as follows:
 - 2017/18 £8.721m
 - 2018/19 an additional £3.596m = £12.317m
 - 2019/20 an additional £3.490m = £15.807m
- 6.9 The guidance outlines that the funding will be paid as a direct grant under Section 31 of the Local Government Act 2003. The Policy Framework sets out that the following conditions apply to the grant:

- a requirement that local authorities include the funding in their contribution to the pooled Better Care Fund, unless an area has explicit Ministerial exemption from the Better Care Fund;
- a requirement that the funding is used to support adult social care to ensure it has the expected impact at the care front line and;
- that the funding does not replace and should not be offset against the NHS minimum contribution to adult social care.

6.10 The Council is proposing to continue its existing work programme to deliver better and more personalised services and outcomes for residents entitled to support under the Care Act. The expenditure in 2019/20 is funding increased acuity and complexity, support for personalisation, safeguarding and DOLS, demographic pressures in LD services and market pressures in the residential and nursing sector.

6.11 iBCF funding for the High Impact Change Model includes a range of measures designed to prevent unnecessary admission to and speed timely discharge from acute hospitals. This also includes funding for homecare for those with complex care and support requirements.

6.12 The stabilisation of the care market funding from iBCF is being spent on increased costs of homecare, on pressures in the Sanctuary contract and on the increase of the Direct Payment rates due to the increases in the costs of care.

6.13 According to the iBCF grant determination, the funding can be spent on three purposes. There is, however, no requirement to spend across all three purposes, or to spend a set proportion on each:

- Meeting adult social care needs
- Reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready
- Ensuring that the local social care provider market is supported.

6.14 The care market across inner London is particularly fragile with Inner London highlighted as having significant pressures across all care groups. While pressures have been building over the last five years, prices have been driven down in real terms and this has resulted in increased concerns about the quality of provision and its continuity.

6.15 A number of providers have exited the market recently and the Council expects this trend to continue. Westminster City Council, along with other Councils within the West London Alliance continue to work together to increase the sustainability of the local care market. It is anticipated that utilisation of part of the additional iBCF funding will play a major part in bringing additional stability and sustainability to the care market in inner West London, as will the creation of our new Quality Assurance team.

- 6.16 Enhancing health in Care Homes - The Council is working with the CCG and other members of the West London Alliance to implement the NHSE Enhanced Care in Care Homes Framework. All patients have a named GP and under 'Whole Systems' a number of high risk patients will have access to case management, which includes access to geriatrician and specialist services as required.
- 6.17 The Council continues to use all available opportunities to request more certainty on funding in general, particularly iBCF. The Adult Social Care Green Paper will ensure that the care and support system is sustainable in the long term and is expected to address funding, however the paper has been delayed several times since its original expected publication date of Summer 2017. However, if iBCF funding does cease from 2020/21 with no alternative funding being offered, ASC will look to make further efficiency savings to mitigate the loss.
- 6.18 The ASC Winter Pressures grant is £1.323m in 2018/19 and the same as a provisional allocation in 2019/20. This will have reporting requirements, which are yet to be announced for 2018/19, but is to be wrapped into the iBCF in 2019/20 and reported through the BCF mechanism. Reassurance has been provided that the BCF process should not stop us from committing the money now for the 2 years. There is no allocation of these funds beyond 2019/20, which represents a budgetary risk from 2020/21.
- 6.19 The Social Care Support Grant (SCSG) of £2.260m in 2019/20 is for both Adults and Children's social care services – older people, those with disabilities, and children. The grant has no conditions and does not specify how the grant is to be split between Adults & Children's, other than stating that where necessary it should be used to prevent additional demand being placed on the NHS.
- 6.20 The grant may be used, for example, to alleviate emerging pressures for 2019/20 not already covered by budget growth, or to fund invest to save activities. Directors and Members have agreed a 60% Adults and 40% Children's allocation of this funding and that this will be used towards addressing the funding pressures faced by each directorate in 2019/20. There are no reporting requirements on how the money is utilised. There is no confirmation of these funds continuing beyond 2019/20, which represents a budgetary risk from 2020/21.
- 6.21 The Clinical Commissioning Groups (CCG) that partner with Westminster Council are experiencing severe financial problems, due to a reduction in their capitation and they are looking to reprioritise budgets and make efficiencies in all their out of hospital services, including in the joint investments with Adult Social Care (ASC). This will lead to reductions in funding for services commissioned through the Council. Although ASC is working very closely with the CCGs on their proposed cost reductions, there is a high risk of a significant reduction in the CCG funding of adult social care services received by the council.

- 6.22 The CCGs have indicated that they will be seeking to reduce the current BCF levels of funding down to minimum contribution levels and to review which service contracts should be novated, reduced or ceased from 2019/20 which are commissioned through the council. The extent to which these services will be reduced is therefore unclear at this point in time. Discussions are ongoing with the CCG to assess the services that will be removed from the fund and what action needs to be taken as a result. Further work will then be completed to assess which of those are joint services and the impact on the council.
- 6.23 Recent discussion with representatives of the CCGs indicate that they think it reasonable not to leave the council with stranded costs in 2019/20 as the services need to be properly considered to determine what services they intend to novate, continue, reduce or terminate. This would take time to complete and delays would otherwise increase the cost risk to the council as it would postpone the point at which any contract could be terminated – the council would not want to delay such action if it faced a cost risk as a result.
- 6.24 While certain services can be novated or terminated in accordance with the wishes of the CCG that funds them, there may be certain services which the council views as part of its own social care agenda and which it will therefore look to continue. This represents a risk to the council if CCG funding supports this as it will then need to be funded from the council's own resources. At this point it is not possible to quantify how much pressure this will place on the council's budget.
- 6.25 In order to assure a balanced budget in light of the above risk, the council would look to offset this risk through the use of the Adults allocation from the Social Care Support Grant as indicated above, the business rates grant levy and finally council reserves for any residual balance beyond this.
- 6.26 As part of the response to the reduction in funding, a planned remodelling of services will need to commence in an attempt to minimise the financial impact to the council. It should be noted that, due to the nature of these services and contracts, further work will be required for reductions in the pressures to be achieved by 2020/21.

Tri to Bi-Borough Libraries

- 6.27 In late December 2018, Hammersmith & Fulham (H&F) announced that they will be leaving the tri-borough arrangement for library services. Westminster City Council and the Royal Borough of Kensington and Chelsea (RBKC) remain fully committed to continue to jointly provide library services.
- 6.28 WCC and RBKC successfully provide services under a bi-borough model for Adult Social Care, Public Health and Children's Services.

- 6.29 A joint project team from both boroughs will be formed to progress the arrangements and to work closely with colleagues in H&F to ensure the transition is managed as smoothly as possible.

Housing Services (General Fund)

- 6.30 The Council is involved in providing a wide range of housing related activity including:
- Responding to housing need and rough sleeping;
 - Preventing homelessness and supporting the vulnerable;
 - Providing housing to the homeless;
 - Allocating available social and affordable housing;
 - Working with Registered Providers (RPs) of affordable accommodation, developing new homes including new infill sites and delivering estate regeneration plans.
- 6.31 The provision of Temporary Accommodation (TA) that is suitable for homeless households in terms of size, cost and location is a statutory requirement. Properties are generally leased by the Council from the private sector, either directly or through contractors, such as Registered Providers (RP). More than 3,000 households are expected to approach the Council's Housing Options Service in housing need in 2018/19. Homeless prevention is a priority for the Council, challenging illegal evictions, providing housing and debt advice and working with households to identify housing solutions including moving into the private rented sector. The Council's legal duties are set out within the recent Homeless Reduction Act, all policies related to the procurement and allocation of housing are publicly available and the Council's Housing Caseworkers lead the response to enquiries involving individual households.
- 6.32 The Council conducts formal street counts of rough sleepers regularly and in November 2018 found 306 people. The Council commissions 415 specialist bed spaces that take people directly from the streets and one person moves on positively from this every four days. There are two street outreach teams; one which focuses on new people arriving on the street and the other focuses on the most entrenched longer term rough sleepers who either refuse to come indoors or those who are unable to maintain accommodation. Of those who were met for the first time, less than 3% identified Westminster as their last settled base and 75% of people encountered do not spend a second night out.
- 6.33 In Westminster, there are a very wide variety of services commissioned to enable vulnerable people to maintain their independence in the community, preventing homelessness and tenancy breakdown. These include 24-hour hostels for rough sleepers, specialist housing for people with severe and enduring mental health issues and learning disabilities, young people (16-25), domestic violence refuges

for women and their children, floating support in the community for people to sustain their tenancies and sheltered housing for older people.

- 6.34 In 2018/19, the Council expects to complete over 700 lettings of social housing into CityWest Homes stock that becomes vacant, nominations into registered provider accommodation and newly developed housing. The Council is required to have a public Housing Allocations scheme that sets out how these units are allocated to meet the Council's statutory obligations, meet the varying demands for social housing and to reduce the numbers of people living in Temporary Accommodation. There are currently 3,933 households on the Council's Housing waiting list, waiting times vary according to property size but are typically longer for larger units. Available properties are generally let through Choice Based lettings where households bid for available properties based on their individual priorities, with additional priority given for homeless households who are working and those with established local connections.
- 6.35 Homeless households are placed in Temporary Accommodation whilst applications are assessed and pending a move to more settled accommodation and are charged a rent set by a Central Government formula which has remained unchanged since 2011. TA now comprises c. 2700 units of accommodation for homeless households provided through over 30 contractors and Council-owned properties purchased for use as TA, funded by the Affordable Housing Fund and borrowing. The greatest demand is for 2 bed properties, followed by 3 bed, just under half of TA is located within Westminster, the remainder located across half of London boroughs (although principally in East London) with c. 80 properties outside of London. The demand profile is below:

Demand Profile	31/3/14	31/3/15	31/3/16	31/3/17	31/3/18
Homelessness Applications (p.a.)	1,002	1,053	954	878	729
Homelessness Acceptances (p.a.)	705	617	511	496	443
Households in Temporary Accommodation	2,283	2,397	2,423	2,518	2,521

- 6.36 The Council is delivering new homes by identifying under-utilised space within the Council's housing assets. Opportunities include basements and laundry rooms, garages and parking areas, former offices and parking areas. The first phase of the programme has achieved planning permission on 25 homes over seven sites, which will be retained as Council housing. Further opportunities are being progressed to ensure an on-going pipeline.
- 6.37 The Council recently updated its policies regarding homeless prevention and its placement policies to make best use of the private rented sector. As part of this, the Council ensures that:

- the Housing Options service promotes moves into the private rented sector for people at risk of homelessness;
- properties offered are inspected for suitability in terms of size and location;
- rents are set at affordable, Local Housing Allowance levels for two years and follow-up contact is provided to confirm that the household has settled;
- should the tenancy break down through no fault of the household within two years then alternative accommodation will be provided without the household reapplying.

6.38 Following this, the Council has now formally discharged its housing duty to over 110 families into good quality private rented sector properties in addition to supporting over 200 households each year to move into the private rented sector to prevent homelessness. The Council has approved a second investment of £15m into the Real Lettings scheme to deliver additional properties for use by homeless households with tenancy support provided by St Mungo's as a specialist housing charity. The first investment was approved in December 2016 and completed December 2017.

6.39 The Council's legal duties to provide housing are set out within the new Homeless Reduction Act, in place since April 2018. Whilst it is too early to draw any firm conclusions from the new legislation, there is a strong focus on increased prevention which is delivered through the Council's Housing Options Service contract.

Family Services - Legislative Changes and Greater Understanding of Rights

6.40 Recent changes in both statute and case law have had an impact on demand for services provided by the authority's Family Services directorate. Greater awareness of "Staying Put" rights under the Children's and Families' Act and a case law verdict against the London Borough of Southwark around assessment rights for 16-17 year olds has created an increase in duties and subsequent increase in demand for services. The impact of "Staying Put" is modelled as £0.276m and the Southwark Judgment is modelled as £0.223m. Mitigations include: a revised Placements Strategy for Looked After Children (LAC); investment in the Early Help service to reduce the number of children presenting with a need for LAC care; and continuous reviews of placement unit costs and care plans to ensure they are aligned and represent value for money and meet each child's needs.

6.41 The Children's Social Work Act 2017 has come into force from April 2018. The introduction of the Act placed a duty on local authorities to provide all care leavers up to the age of 25 with access to support, to assist them on anything from applying for jobs to finding a first place to live. Modelling estimates the impact of the Act will be an additional financial burden of £0.250m per annum. Mitigations include: providing high quality advice and guidance to young people from an earlier age to reduce their reliance on Council services post-18.

Unaccompanied Asylum-Seeking Children (UASC) Demographic Demand

- 6.42 The numbers of UASC presenting in the borough have traditionally been higher than other London Boroughs, due to the borough having Victoria International Coach Station and the majority of embassies located within its boundaries. UASC are subject to a National Transfer Scheme, with numbers per authority determined on a national basis.
- 6.43 A child becomes the responsibility of the Local Authority in which they present as UASC, and they are eligible for the same suite of services and interventions as a resident child when they become Looked After. This is demanded under statute by the Children's Act (1989).
- 6.44 Under the National Transfer Scheme (NTS) for UASC, the Council has an expected allocation of up to 28 UASC in its care, with any further children above this threshold presenting in the borough transferred to other local authorities. Delays in transfers have meant a larger number have remained under the care of the authority. In 2017/18, the number in care averaged 65. The average wait to transfer under the NTS has been 9-12 months over the past two financial years.
- 6.45 Owing to issues with the NTS, London Boroughs agreed a pan-London Transfer Scheme (LTS) where all boroughs agreed to transfer children internally, up to 0.7% of the local population. As at December 2018, the LTS closed as all 32 London Boroughs were at, or over, capacity.
- 6.46 WCC has a number of care leavers supported by Children's Services with no recourse to public funds (NRPF) as they were previously UASC in receipt of services from the authority. Under the Children and Social Work Act 2017 they will remain NRPF care leavers up to the age of 25.
- 6.47 The financial impact of UASC Demand and NRPF was modelled at £0.333m net of funding received from the Home Office for UASC and current budget allocations in the borough, prior to the LTS closing. With the closure of the LTS, the remodelled pressure from UASC Demand and NRPF is now expected to be £1.056m, an increase of £0.723m. As part of the Local Government settlement, WCC received £2.260m through the Social Care Support Grant. The service proposes to use a proportion of this grant to fund the unexpected pressure arising from the closure of the LTS in 2019/20 as a primary mitigation.
- 6.48 Further mitigations for 2019/20 include: a revised Placement Strategy for LAC; continued lobbying by London Councils; and continuous placement reviews.
- 6.49 With the planned mitigation strategies mentioned above, the service is confident it can manage the pressures outlined within the proposed financial resources for the Children's and Families' Executive Directorate in 2019/20. With the cessation of the LTS and the slow pace of the NTS, there is a risk the cost growth from UASC

can grow exponentially into future years. Modelling based on previous years' UASC presentations averaging 86 children per annum, shows cost growth of approximately £0.750m per annum post 2019/20.

Discretionary Housing Payments

- 6.50 Tenants receiving either housing benefit or the housing element of Universal Credit (see below) with an entitlement that is less than their rent can apply to the Council for a Discretionary Housing Payment (DHP). Claims are decided after taking into account the particular circumstances of the case alongside the Council's policy.
- 6.51 National DHP funding for the period April 2016 to March 2021 was set at £800m as part of Summer Budget 2015. The table below shows the annual breakdown over the 5-year period:

Year	National DHP Funding £m
2016/17	150
2017/18	185
2018/19	170
2019/20	155
2020/21	140

- 6.52 Due to a change in allocation methodology by the DWP, Westminster and most other London boroughs experienced a reduction in funding whereas nationally other authorities saw an increase in 2017/18. This trend repeated in 2018/19. The DWP are reviewing the distribution of DHP funding from 2020/21 but the existing methodology will be used for 2019/20. Based on previous DWP announcements on the levels of DHP funding, the Council expects to receive notification of the government contribution for 2019/20 in January 2019 at the earliest.
- 6.53 The reductions to the Government contribution prompted the Council to review its policy on DHP claims to ensure it remains affordable. Awards will continue to be made for short periods to allow applicants time to change their circumstances so extra financial assistance with rent is no longer required. This approach ensures DHP can continue to assist with the transition into employment and with emergency support to prevent homelessness. The Council will only agree repeat claims when the applicant can demonstrate they are in the process of taking meaningful action to avoid long-term reliance on DHP. Examples of the actions needed are moving to cheaper alternative accommodation and starting full-time employment.
- 6.54 Looking at DHP claims received there is an indication of a modest reduction in demand with 1,006 claims received in the period 1 April to 31 December 2017 and 932 claims between 1 April and December 2018. The following table shows the reduction in the number of successful claims over the same periods:

	1/4/17 to 31/12/17	1/4/18 to 31/12/18
Successful claims	580 (64%)	482 (55%)
Unsuccessful claims	325 (36%)	393 (45%)

- 6.55 The reduction in claims is in line with the policy on awarding DHP. This is necessary to ensure spend is within available resources. DHP is also being used to assist with the prevention and management of homelessness. The government contribution towards DHP for 2019/20 is unlikely to be known before January 2019 but a further reduction is a risk given a reduction to the overall national funding. A trend towards fewer awards of DHP means the Council is well placed to respond to future funding reductions. However, the reduction in DHP funding and DHP awards by the Council could result in an adverse impact on Housing budgets if resources were no longer sufficient to assist tenants in temporary accommodation.

Universal Credit

- 6.56 The introduction of Universal Credit (UC) was the main element of the Welfare Reform Act 2012. Government has designed UC to improve work incentives by removing the need to claim different benefits depending on whether or not a person is in work or unemployed. UC also simplifies the welfare system by replacing six existing benefits with a single payment. The Department for Work and Pensions (DWP) administers UC and one of the six benefits it replaces is housing benefit.
- 6.57 UC is a working age benefit so does not apply to pensioners. Households with three or more children are temporarily excluded from UC up to 1 February 2019 and from 16 January 2019 a temporary exemption has been put in place for single people who qualify for the severe disability premium in the benefits UC replaces.
- 6.58 For most applicants who pay rent, the housing element of UC replaces housing benefit. However, there are two significant exceptions to this: tenants of supported housing and temporary accommodation provided by a local authority under a homelessness duty will continue to claim housing benefit for assistance with rent whilst receiving UC for day-to-day living costs. DWP has indicated the exception for supported accommodation will apply long term but there remains a possibility that temporary accommodation will eventually be brought into UC.
- 6.59 The DWP began implementing UC in April 2013 and have adopted a gradual “test and learn” approach. The DWP implement UC through Jobcentre districts rather than local authority boundaries. By December 2018, UC was introduced to every Jobcentre office in the country and will apply to customers having to make a new claim for one of the six benefits UC replaces.
- 6.60 The process for moving existing customers who experience no changes requiring a new claim from their old benefits to UC is still to be decided. Government has, however, stated the transfer of all existing customers will be completed by 2023. DWP estimate this will involve moving 2.09 million customers onto UC and

recognise a large number (36%) will be receiving an existing benefit awarded because of disability. DWP is due to seek Parliamentary approval for a pilot project to move 10,000 existing claimants to UC starting in Summer 2019. The next stage of the transfer process will be decided based on the outcome of the pilot.

- 6.61 The Marylebone Jobcentre, which covers a large part of Westminster, implemented UC for new applicants from 20 June 2018. Harlesden and North Kensington Jobcentres that also cover smaller parts of Westminster implemented UC for new claims by 12 December 2018.
- 6.62 The Council will monitor its housing benefit caseload to establish the effect UC implementation has. It is inevitable the caseload will reduce but it is too soon to judge how quickly this will happen. It is also too soon to predict whether UC implementation will result in an increased demand on the DHP budget. However, the policy on whether or not a DHP will be agreed for a UC recipient is the same as for a housing benefit claimant.
- 6.63 There may be an adverse impact on the Council's budget in future years which will be clarified as the government releases further information. Resulting pressures will then be considered at part of future years' budget cycles.

Oxford Street District

- 6.64 Westminster City Council is committed to the long-term future of the West End. The West End is the cultural and economic capital of the UK that belongs to, and benefits, everyone in the UK. It generates greater economic output than anywhere else in the UK with more than £51bn in Gross Value Added per year, 15% of London's economic output. Employing more than 650,000 people, the area generates the largest proportion of taxes with more than £17 billion of tax receipts per year.
- 6.65 The West End is primarily responsible for London's status as the world's most popular visitor destination with more than 31m international visitors spending over £11bn in the West End. It is an important gateway to other UK tourist destinations and drives growth across the UK. Oxford Street is also the UK's high street with more than 50m UK based visitors. The West End's success and long-term growth cannot be taken for granted and investment is needed to ensure that the West End can continue to compete with its global competitors.
- 6.66 The Council's commitment to the West End is demonstrated by a £150m capital investment towards Oxford Street District. This encompasses the redesign of Oxford Street district and the Council will continue to work with partner organisations as options are developed for the district. Furthermore, the Council is committing £28m towards place-shaping at Strand/Aldwych. This is set out in the 2019/20 capital programme.

Non-General Fund Services, Pension Fund and Capital

- 6.67 The Council also provides services which are ring-fenced from the General Fund as well as being non-revenue based. Whilst these are not funded by Council Tax or Business Rates, they may have some impact on General Fund services or budget setting itself. These services are discussed below.

Housing Revenue Account (HRA)

- 6.68 The HRA is a statutory ring-fenced Landlord Account within the Council's overall General Fund, established under the 1989 Local Government and Housing Act. It accounts for the management and maintenance of c. 12,000 units of social housing and c.9,000 leaseholders within Westminster. The HRA itself is required to set a balanced budget and must not go into deficit, after taking into account HRA Reserves.
- 6.69 In October 2018, the Government removed the HRA borrowing cap that had been in place since the start of HRA self-financing. This was yet to be confirmed at the time the budgets were brought to Council for noting, therefore the HRA revised budgets are the first to be prepared with no borrowing cap in place.
- 6.70 Whilst there is no formal borrowing cap in place, there are still limits on the HRA's capacity. Some of these are summarised below:
- Capital regeneration schemes must cover their financing costs which can be challenging as these are capped by social rents.
 - Major Works schemes do not generate any income, therefore any level of capital expenditure above the Major Repairs and projected annual leaseholder contributions must be funded by borrowing which creates a revenue cost to the HRA.
 - The HRA has limited revenue reserves to cover financing costs. There is still a requirement for the HRA to set a balanced, or in surplus, revenue budget
- 6.71 The Council's Arm's Length Management Organisation, CityWest Homes Ltd (CWH), currently undertakes the housing management function on behalf of the Council and has responsibility for the long-term investment needs of the stock estimated at £1.784bn over 30 years. During 2018/19 the decision was made by the Council to bring CWH, and thus housing management, back under direct Council control. The budgets for 2019/20 and future years have been adjusted to reflect the short-term impact of integration and the longer term benefits anticipated.
- 6.72 The Government continues to control rent levels and rent increases through Rent Rebate Subsidy Limitation. A mechanism which limits the amount of eligible housing benefit payable if average rent increases by a Local Authority exceed Government determined limits. The Government have also legislated that HRA rents reduce in real terms over a 4-year period by 1%. This has cost the HRA

c.£32m over this period and over 30 years the NPV cost is estimated to be c.£237m. The Council is currently in year 4 of this 4-year rent reduction process. Recent announcements are that the policy on rent rises will return to CPI plus 1% for 5 years from 2020.

- 6.73 Self-financing itself presents the Local Authority with a number of uncertainties and risks that will need to be monitored and actively managed. These include the impact on cash flow of funding the Council's ambitious Regeneration programme, the impact of the Right to Buy, interest rate risk, and the impact of welfare reform upon future rent collection.
- 6.74 The Housing Investment Strategy and HRA 30-year Business Plan report is being presented to Cabinet in February and Full Council in March alongside the other budget papers to approve the five year (2019/20 to 2023/24) capital and revenue budget for the HRA. The proposals will continue to see the capacity of the HRA applied to help deliver the Council's objectives of City for All. This means HRA reserves are projected to fall to close to a minimal level of circa £11m and remain at that level due to the increased revenue costs of increased borrowing, which would necessitate a focus on managing budgets and expenditure closely.

Public Health

- 6.75 The Public Health Grant contains a condition to ring-fence the grant to the delivery of the Public Health outcomes that were transferred to local authorities under the Health and Social Care Act 2012. The grant conditions direct the spending of the grant by the Council towards mandated and non-mandated Public Health services.
- 6.76 In 2019/20, the Government is applying a year-on-year reduction of circa 2.6% on the grant received. The impact of this is being managed within the service through efficiencies driven by re-procuring contracts as they come to the end of their agreement. The impact of this does not affect the level of general fund savings required due to the ring-fenced nature of the grant and earmarked Public Health reserve.
- 6.77 In 2019/20, £1.8m of savings on contract efficiencies are being delivered without any adverse impact on the delivery of services, with the majority of these savings

Schools

Dedicated Schools Grant

- 6.78 The Dedicated Schools Grant (DSG) is a specific ring-fenced grant received by local authorities to fund schools and central expenditure supporting the schools' budget. The grant also covers wider support to fund pupils with special educational needs, through an element in the DSG known as the High Needs block, and for two, three and four-year olds in nursery and associated provision,

through the Early Years element. Schools are funded through the DSG, not the General Fund. The National Funding Formula (NFF), which allocates DSG funds to local authorities, was introduced in 2018/19.

- 6.79 The DSG consists of four separate blocks: schools, central schools services (introduced in 2018/19), high needs and early years. The overall value of the DSG is ring-fenced; however, the four blocks that make up the DSG are not separately ring-fenced. Therefore, movement between blocks is possible subject to specific conditions and limits. Subject to agreement with Schools' Forum, the authority has the ability to transfer funds from the Schools block – this transfer can be up to 0.5% of the total value of the block. Any transfers higher than the 0.5% require Secretary of State approval.
- 6.80 Westminster City Council (WCC) does not contribute any of its own resources to fund schools but is required to fund the management and administration of education services from Council Tax and funding settlement resources.
- 6.81 The DSG carry forward from 2017/18 was £4.080m, which included an in year overspend of £1.194m mainly on high needs. The proposed allocation of the £4.080m shown below was considered and partially approved at the October 2018 Schools' Forum. The proposed allocation to support school restructuring and viability will be considered at the January 2019 Schools' Forum meeting.

Description	2018/19 £m	2019/20 £m
Brought Forward Reserves	4.080	1.905
2018/19 DSG Forecast Overspend	1.475	
Schools Block		
One off funding to partially address minimum funding level	0.300	
School restructuring, costs to support viability – proposed but not yet agreed	0.400	
High Needs		
Growth & post-16 unfunded growth		1.011
Total Expenditure	2.175	1.011
Projected Year End Reserves	1.905	0.894

Implementation of the National Funding Formula (NFF)

Schools and high needs block

- 6.82 The Department for Education (DfE) introduced the NFF for schools, high needs and central school services from 2018/19 to distribute resources to Local Authorities (LAs). Full implementation of the NFF is expected in 2021/22, subject to primary legislation by Central Government.
- 6.83 The introduction of the NFF represents a significant change, and is likely to lead to some schools benefiting from an increase in funding and others having funding which is protected at a historical level. To provide stability for LAs and schools through the transition before the NFF is introduced in full, in 2018/19 and 2019/20 each LA continues to set a local schools formula, in consultation with local schools. These local formulae determine individual schools' budgets. The DfE have decided that in order to continue to support a smooth transition, LAs will continue to set a local formulae in 2020/21. The Council is consulting with the Schools Forum on the local formula.
- 6.84 The Secretary of State for Education also announced additional revenue funding in 2018/19 and 2019/20 to provide support for children and young people with special educational needs and disabilities (SEND). The additional high needs funding for Westminster was £0.481m in both 2018/19 and 2019/20.

- 6.85 The minimum per pupil funding levels within the NFF will increase to £4,800 for secondary schools and £3,500 for primary schools. All Westminster Schools receive per pupil funding above this level in the local formula.

Central school services block in 2019/20

- 6.86 The central school services block within the DSG will continue to provide funding for LAs to carry out central functions on behalf of compulsory school age pupils in state-funded and maintained schools and academies in England. Westminster's funding shows a reduction of £0.034m.
- 6.87 The block will continue to cover the two distinct elements of ongoing responsibilities and historic commitments. From 2020/21, the DfE expects to start to reduce the historic commitments element of the central school services funding block where authorities' expenditure has not reduced. This is likely to further reduce WCCs allocation.

Westminster Dedicated Schools Grant (DSG) Funding Allocations 2019/20

Block	2018/19	2019/20	Change	% Change
Schools *	£112.414m	£112.171m	-£0.243m	-0.22%/ +0.1% per pupil
High Needs **	£25.151m	£25.896m	+£0.745m	+2.96%
Additional High Needs Funding 17/12/18	£0.481m	£0.481m	-	All additional funding
Central School Services	£1.120m	£1.086m	-£0.034m	-3.04%
Total	£152.562m	£153.125m	+£0.563m	+0.37%
Allocation is before deduction for academies				
*before deductions for High Needs Places				
** Early years 2019/20 allocation is the initial allocation				

Funding for growth in individual schools from September 2019 will need to be funded within the final 2019/20 schools block.

- 6.88 The DSG allocations show an overall increase of funding of 0.37% equivalent to £0.563m in 2019/20.
- 6.89 No individual school will see a reduction in funding in 2019/20 providing there is no decrease in pupil numbers. Reductions in any schools funding is limited by -1.5% Minimum Funding Guarantee (MFG) in their pupil budget as per the funding regulations.

- 6.90 The 2017/18 year-end closing position for the LA-maintained primary and secondary schools was a collective balance of £5.414m. For 2018/19 10 schools are projecting a year end deficit. Any school in this situation is given officer support to prevent this from happening and to ensure that they set sustainable budgets commensurate with their resource levels.
- 6.91 The schools block funding is £112.171m based on the October 2018 pupil count. The number of children in secondary schools increased to 8,689 (+256) but the number of children in primary schools decreased to 9,693 (-460), an overall reduction in pupils of 1% (-204). As school funding is pupil-based this represents a cost pressure for schools.
- 6.92 Schools in England report that they are facing rising cost pressures, especially from increased staffing costs. The Institute for Fiscal Studies (IFS) estimated in April 2016 that there would be at least a 7% real terms reduction in per-pupil spending between 2015/16 and 2019/20, or about 8% if changes in the costs likely to be faced by schools were also accounted for. The spending pressures that schools face, particularly those with falling pupils numbers, make it imperative for the service to work with schools to ensure that they are equipped to face the challenges ahead and to insulate the local authority.

Early Years Block

- 6.93 WCC in consultation with the school's forum introduced the government's new early years funding formula from September 2017 including the additional 15-hour entitlement for eligible families. The key priority was to establish transitional arrangements from the current funding levels and the delivery of full time places to the new national funding formula without destabilising individual settings. The government expects all authorities to have implemented the new funding model by 2019/20. Transitional funding has been allocated to enable the delivery of the new proposals without causing excessive turbulence within the current system.

Pupil Premium

- 6.94 In 2019/20 schools will receive pupil premium funding for each child registered as eligible for free school meals at any point in the last six years. The per pupil figures are £1,320 per primary school pupil and £935 per secondary school pupil, which are unchanged from the 2018/19 rates.
- 6.95 For Pupil Premium Plus, for each pupil identified in the spring school census as having left local authority care because of adoption, a special guardianship order, a child arrangement order or a residence order, schools receive £2,300 per eligible pupil, an increase of £400 / 21% on the previous year (£1,900 in 2017/18).

- 6.96 Pupil premium for three and four year-old children is at a rate of £300 per eligible child. Schools can decide how they use the pupil premium and have to report on use each September on their individual school's website. There is no onus on WCC to monitor or capture this information, it is a school's responsibility.

Academies and Free Schools

- 6.97 Westminster schools that convert to academy status or newly established free schools obtain their funding directly from the Education and Skills Funding Agency (ESFA). These schools receive a school budget share equivalent to the budget they would have received if they were a Westminster school. This is funded in most cases by an adjustment to the DSG received by the Council and deducted from the School's block. There are no further academy conversions in the pipeline in WCC.

7 Pension Fund

- 7.1 The City of Westminster Pension Fund includes the City Council's pension obligations as well as those for a number of other admitted and scheduled bodies, for example, City West Homes. The Council's attributable share of the Pension Fund assets total £873m as at 30 June 2018.

Triennial Valuation

- 7.2 The triennial valuation of the Pension Fund was completed by the Council's actuary as at 31 March 2016. The latest actuarial report values the future liabilities of the Pension Fund and sets the employer's contribution rate for the three years 2017/18 to 2019/20. The next triennial valuation will commence as at 31 March 2019.
- 7.3 The actuary reported that the employer's contribution rate was required to rise from 12.5% to 15.7% with effect from 1 April 2017 in order to fully fund the cost of active members. The impact of this change on the Council's ongoing revenue budget cost £2.5m per annum more than 2016/17 contribution rates.
- 7.4 As well as needing to make contributions into the Pension Fund for active members, the Council has to make contributions to address an historic funding deficit. The latest triennial valuation valued the Pension Fund deficit at £285m as at 31 March 2016 compared with £320m at 31 March 2013.
- 7.5 While the Pension Fund is in deficit, it incurs an interest cost which it would not if it were fully funded. The cost of this interest increases the total contributions required to be made by the Council throughout the period until the deficit is repaid.
- 7.6 Options to reduce this deficit and the consequent interest costs were explored with the actuary in 2017 and previously reported to Council. These being:

- a total of £30m cash injection;
- together with increases of £4.0m per annum for each of the years 2017/18 to 2019/20, followed by more measured increases thereafter to account for the impact of inflation.

- 7.7 This has allowed the deficit recovery period to fall to 17 years, delivering a significant reduction in the total interest to be paid over the 17-year period. This strategy provides an optimal mix of maintaining annual affordability whilst also offering the greatest saving in overall cost. As a result of this action, and with market increases in equity values, the latest funding update has shown that the deficit had fallen to £183m as at 30 June 2018.
- 7.8 This compares with a previous scenario whereby contributions increased at £1.5m per annum, no one-off contributions were made, and the repayment period extended to 2047/48. The revised deficit reduction strategy significantly improves the Pension Fund's position nationally as it moves the Fund towards a fully funded position earlier by 14 years to 2033/34.

Government Actuaries Department Review

- 7.9 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.
- 7.10 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 of at least £25bn with investment manager appointment and monitoring decisions undertaken at pool level. Westminster and all the other London Councils 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. Two of the Westminster fund's existing investment mandates have been transferred to the LCIV and a third was subject to a London wide fee arrangement that substantially reduced manager fees.
- 7.11 The Pension Fund has now transferred £91m to the London CIV to establish its first Multi Asset Credit fixed income allocation. This was made to diversify the Fund and reduce equity risk.

8 Cash and Financing

- 8.1 An annual Treasury Management Strategy Statement (TMSS) is presented to Full Council as part of the budget process each year, following discussions at other committees including Scrutiny. The purpose of the TMSS is to set the boundaries and limitations for borrowing and investment decisions over the next year and the two subsequent years to ensure security, liquidity and yield.
- 8.2 The 2018/19 TMSS does not forecast any additional external borrowing in 2019/20, but there is potential for additional borrowing in subsequent years to meet the capital programme.
- 8.3 The investment strategy was set in the current environment of low interest rates that has continued to significantly reduce the capacity to generate investment yield from short-term cash balances. The 2 August 2018 increase in base rate from 0.50% to 0.75% will provide opportunity for additional income. The increase in rates is gradually feeding through to the Council's investments, resulting in increasing returns.
- 8.4 Various opportunities to diversify the treasury portfolio, ensure security of cash balances, liquidity to meet Council obligations as and when required, and increase yield continue to be investigated.
- 8.5 Monitoring of treasury activity is a key control to ensure that dealing accords with the approved TMSS. In addition to half yearly reports on activity to Full Council and Scrutiny Committee, weekly updates are provided to the Section 151 officer and monthly reviews of the investment portfolio are undertaken by the Council's treasury advisor, Link, and the Council's investments are benchmarked against other local authority investments.
- 8.6 To support the TMSS, the Council has devised a holistic strategic investment framework in order to manage its investment portfolio as one, across investment properties and treasury management. The Investment Executive comprising of Members and officers was set up to implement, monitor and report on the investment strategy.
- 8.7 The investment framework sets out in detail the longer term investment plan to manage investments in relation to long term capital spend and cash requirements, diversify to reduce risk, ensure security of capital and future-proof against possible economic downturns.

Treasury Management and Future Economic Outlook

- 8.8 The Council's treasury advisors have previously advised that the UK's departure from the EU could have implications on the Council and its investment counterparties. This continues to be the case. For instance:

- the Government's long-term approach to monetary and fiscal policy during and after negotiations and therefore the impact on the Council will be influenced by a potential withdrawal from the European Union and the path this takes. The Monetary Policy Committee (MPC) at the Bank of England on 2 August 2018 voted unanimously to increase the Base Rate by 0.25% from 0.50% to 0.75%. The MPC is responsible for making decisions about how the UK reaches the 2% inflation target set by the Government. Current market perceptions are for future increases in the Base Rate to be likely at a gradual pace and to a limited extent whilst UK Gross Domestic Product (GDP) is expected to grow by around 1.8% per year on average over the forecast period.
- the Council currently invests with financial institutions based in London who possess "passporting" rights which enables them to sell their products and services across the European Union. If any company or financial institution did relocate to Europe away from the UK (as some sector commentators have suggested may occur) due to the UK withdrawing the European Union, their domicile status would change and could result in them falling outside of the Council's sovereign rating criteria and thus lead to a required change in the investment portfolio counterparty list.
- Officers will continue to monitor the economic environment in light of the United Kingdom's exit from the European Union and may recommend changes to the TMSS should any new risks become apparent.

9 Capital Programme

- 9.1 The Council has embarked on an ambitious long-term capital programme which will help deliver on the aims and objectives of its City for All strategy and maintain its status as a global centre for business, retail, entertainment and tourism. Full details are available in the Capital Programme report – 2019/20 to 2023/24 being considered on this same agenda which includes forecasts up to 2032/33.
- 9.2 The General Fund capital programme covers five areas of expenditure. These are:
- *Development* (£1.091bn) – these schemes will help the Council achieve strategic aims and generate income.
 - *Investment* (£0.072bn) – schemes within this category will increase the diversification of the Council's property portfolio, and will be self-funding, by creating income, and generating efficiency savings.
 - *Efficiency* (£0.036bn) – these schemes are funded in accordance with the government's "Flexible use of Capital Receipts" (FCR) initiative and to qualify, the schemes must be designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs

or demand for services in future years for any of the public sector delivery partners.

- *Major Strategic Acquisitions* (£0.135bn) – these expenditure budgets are to allow the Council to acquire properties to enable the development of key strategic sites for future regeneration and investment opportunities.
- *Operational* (£1.309bn) – these schemes are related to day-to-day activities that will ensure the Council meets its statutory requirements.

- 9.3 The General Fund's capital programme is fully funded via a combination of external funding, capital receipts and borrowing. The on-going revenue implications are included within the Medium Term Plan.
- 9.4 The Housing Revenue Account (HRA) capital programme has a value of £743m over this year and the next four years (2019/20 to 2023/24). It is important to note that HRA resources can only be applied for HRA purposes, and that HRA capital receipts are restricted to fund affordable housing, regeneration or debt redemption.

Flexible Use of Capital Receipts (FCR)

- 9.5 Following revised regulations in March 2016 on the use of capital receipts, the Council has utilised this flexibility to fund the revenue costs of projects that are either transformational and/or aim to deliver ongoing revenue savings.
- 9.6 The 2019/20 to 2023/24 Capital Programme report sets out the detail of the projects for which the Council is planning to fund using FCR.

10 2018/19 Financial Performance and 2019/20 Budget Gap

2018/19 Financial Forecast

- 10.1 As at Period 8 (November), services area revenue budgets are projected to underspend by £1.697m by year-end. All variances are subject to continued active management throughout the financial year.
- 10.2 The main areas contributing to the projected underspend are summarised below:
- City Treasurer's department is forecasting a net underspend of (£5.316m) which is largely due to increased treasury investment income of (£5.063m);
 - Policy, Performance and Communications who are forecasting a net underspend of (£0.431m) which is largely related to staff costs.
- 10.3 However, the above forecasted underspends are offset by:
- Children's Services who have a net overspend totalling £1.817m due to pressures in Education from funding issues, under-recovery of traded

services income and high demand on Special Education Needs Transport. There are further pressures in Family Services from the increased number of care leavers and impacts from changes in legislation and judicial decisions as well as larger numbers of Unaccompanied Asylum Seeking Children (UASC)

- An under-recovery of £1.200m of income in Paid for and suspensions and dispensations income in Parking.
- A net overspend in Development Planning of £0.600m due to a shortfall in income from a reduction in planning applications;
- Corporate Services with a net overspend of £0.475m largely within Legal Services due to staffing and external legal service spend as well as in ICT due to software licensing costs.

10.4 The forecast outturn at period 8 on the HRA is a net adverse variance of £0.466m. This is due to: an under-recovery of income totalling £0.801m from lower projected income from tenants, commercial properties and the Pimlico District Heating Unit (PDHU);

10.5 However, this is offset by a forecast underspend on expenditure of £0.335m due to reductions in community electricity costs, repairs and maintenance and interest payments.

2019/20 Budget Gap

10.6 The Council's medium-term modelling takes into account:

- Known and estimated losses to government grants
- Estimates of inflation (both pay and contract);
- Other Council-wide costs such as superannuation costs and allowances for specific pressures and general risks;
- Capital financing revenue impacts.

- 10.7 To meet the funding challenges in 2019/20, the Council has had to meet a total gross savings requirement of £35.848m. This savings requirement includes unavoidable direct service pressures of £9.548m. The net savings requirement is therefore £26.300m and the driver for this is summarised as follows:

Core Funding Changes:	£'m
Net Business Rates Change (loss from RSG Roll In)	8.500
Net Council Tax Change	(1.295)
Sub-Total Core Funding Changes	7.205

Non-Core Funding Changes:	
Inflation	6.200
New Homes Bonus Loss	0.514
Risks	3.781
Pension Fund Deficit Recovery	4.000
Pressures	1.200
Capital Programme	3.400
Sub-Total Non-Core Funding Changes	19.095
Total Budget Gap	26.300

- 10.8 Specifically, the budget gap for 2019/20 contains:

- a proposed increase in general Council Tax of 2.1% to fund additional risks posed from emerging service pressures and risks e.g. from MHCLG's Fair Funding Review;
- a confirmed reduction of £8.500m for the Revenue Support Grant (RSG). Note: in 2018/19 the Council joined the London Business Rates Pool. A consequence of this was for its RSG allocation to be rolled into the Council's Business Rate's baseline funding with an equivalent reduction of RSG. The same principle is expected for 2019/20;
- an allocation for 2019/20 pay and non-pay inflation based on best available estimates.
- an amount to mitigate on-going exposure to risk – the Council is an extremely complex organisation and is subject to a wide range of risks many of which are unknown and cannot be quantified. It is therefore essential that the Council maintains adequate general reserves to provide a buffer against these risks;
- other items which impact the whole Council i.e. contribution towards reducing the pension deficit, corporately identified pressures and capital financing.

- 10.9 The gross savings agreed in the 2019/20 MTP process are summarised as follows, there are no reductions to service provision:

Budget Change Category	£'m	%
Financing	21.503	60.0%
Commercial	4.262	11.9%
Transformation	3.701	10.3%
Efficiency	6.382	17.8%
Total	35.848	100.0%

Approach to Meeting the 2019/20 Budget Gap

- 10.10 The process for identifying the 2019/20 savings proposals follows the accelerated process for 2018/19. In autumn 2018, the proposed budget proposals for 2019/20 were presented to Cabinet and Full Council for agreement in principle (subject to completed Equality Impact Assessments, Consultations etc.). This report takes account of the items below and will be presented to Full Council for approval in March 2019:
- final decisions on Council Tax including Band D for 2018/19 and the approved 2018/19 Council Tax base;
 - outcomes from the 2018/19 Local Government Finance Settlement;
 - Business Rates Pooling;
 - Any revised positions related to individual savings following the completion of consultations.
- 10.11 The benefit of this is that services have a greater period of time in which to prepare implementation plans and to complete staff consultations (where applicable), public consultations etc. The Council believes in long term planning and many of the savings are a continuation of transformation plans from the previous financial year and are expected to run into future years.
- 10.12 The governance of the process has been managed at an officer level through a series of regular reports to the Executive Leadership Team (ELT) throughout the financial year to review progress against meeting the budget gap and draft budget proposals themselves. The intention of these meetings was to review budget proposals for deliverability, acceptability and fit with strategic objectives.
- 10.13 In addition to the above, there is regular liaison and leadership by the lead member for Finance, Property and Regeneration and the Cabinet. In early September 2018, Star Chamber sessions, led by the lead member, were held for each Cabinet Member with the Chief Executive and Executive Directors in attendance. These sessions presented Cabinet Members with an opportunity to get a better understanding of the budget proposals and to question or challenge where needed.

10.14 This in turn was followed by three Budget and Performance Task Group meetings (i.e. “Scrutiny sessions”) in late September/early October and then again in January/February 2019.

10.15 Equalities Impact Assessments (EIAs) are prepared in respect of all proposals and are made available within this report for consideration. In addition, all of the full EIAs are presented to the Budget and Performance Task Group meetings.

10.16 The Corporate Budget Group is a cross-Council team including officers from the City Treasurer’s, People Services, Policy, Communications, Legal Services, Procurement departments. This group met to review each budget proposal to assess if there were any issues from the perspective of these departments, whether consultations were needed and if so to ensure timely completion as well as reviewing the proposal itself to ensure it can be delivered.

10.17 The November 2018 Budget Proposals reports noted two outstanding external consultations affecting £0.384m of the proposed savings. These have now been completed and do not affect the outcome of the savings proposals agreed in principle in November. These consultations were:

Directorate	Description	2019/20 Amount £m	Consultation start	Consultation end
Children's	Collaborative Commissioning and Demand Management	0.200	Oct-18	Dec-18
CMC	PPL Fee review and additional income	0.184	6/8/18	29/10/18

Post-2019/20 Outlook

10.18 In summer 2018, the Council began to model a range of scenarios for the level of savings needed to meet the budget gap for post 2019/20. This assumes that all savings approved for 2018/19 and those proposed in this report for 2019/20 will be delivered. Furthermore, beyond 2019/20 there are number of uncertainties which have been discussed in this report. These are listed below and presently, it remains unclear how these will impact on the Council’s finances:

- outcome of the Fair Funding Review;
- future austerity and Government policy on public spending;
- Business Rates retention, Pooling and future impact of appeals, revaluation and reset.

10.19 More detailed updates on the estimated budget gap for post 2019/20 will be reported through the Council’s Executive Leadership Team.

11 Risks, Budget Robustness and General Reserves

Risks and Budget Robustness

- 11.1 The Council is a large, complex organisation with a wide scale and diversity of assets, interests, liabilities and other responsibilities. These require considerable on-going monitoring and review particularly in light of the challenging financial climate. With this in mind, the Council has recognised the on-going need to identify risks and have measures in place to mitigate should they occur (risks by their nature can never be completely removed).
- 11.2 The Council's revenue related risks include:
- general risks;
 - funding related risks e.g. Fair Funding;
 - interest rate risk;
 - inflation risk;
 - change in law risk;
 - commercial values risk, e.g. income rental values;
 - contract failure risk and step-in obligations for the Council
- 11.3 The Council has long had processes built into its Medium Term Planning (MTP) process to address the first two categories of risk. For example, as per previous years, a Corporate Budget Group consisting of representatives from the City Treasurer's, People Services, Policy, Communications, Legal Services, Procurement representatives have met regularly to review budget proposals for 2019/20.
- 11.4 While Corporate Budget Group meets to ensure the over-arching issues are robustly considered, a full suite of meetings are arranged at various levels to ensure all stakeholders fully understand the MTP process and their savings proposals. Various meetings take place including Members, Executive Directors and finance officers. These meetings are then reflected back through Corporate Budget Group to ensure all aspects are captured.
- 11.5 These reviews are to enable this cross section of officers to ensure all budget proposals are:
- fully evaluated for any legal, people service and procurement issues;
 - assessed thoroughly to ensure if stakeholder consultations are needed and if so to make sure these are completed in time;
 - appropriately challenged to ensure they are feasible.
- 11.6 Risks related to the capital programme and pensions and treasury are specifically addressed and discussed separately e.g. capital programme and the Treasury Management Strategy Statement.

11.7 The 2019/20 revenue budget has been prepared on the basis of robust estimates and adequate financial balances and reserves over the medium term. As part of on-going reviews for these, the City Treasurer's department leads on:

- monthly budget monitoring and financial challenge to ensure budget options are being adhered to and that any other base budget variances, risks and opportunities are being suitably identified and mitigated; and
- continuing to replenish reserves and balances towards an appropriate level in order to provide an adequate buffer for any series of one-off pressures – or to provide sufficient time to identify on-going mitigations in a systematic way.

11.8 A summary of selected key, strategic risks / weaknesses and mitigating actions are noted:

MTP Risk Analysis

Risk / Weakness	Implications	RISK	Mitigating actions	Relevance to Services
1. Review of Needs and Resources (Fair Funding Review and Spending Review)				
A review of the funding allocation formulas used by Central Government could mean that Westminster City Council's share of funding is significantly reduced from 2020/21.	Decisions may be taken which have potentially adverse consequences for the Council in later years.		<ol style="list-style-type: none"> 1) Key staff members are involved in identifying the likely changes to be made and assessing the potential impact on the council. Likely key indicators such as deprivation, area cost adjustment and population growth are also currently being assessed 2) Members and key officers are proactively seeking clarification from MHCLG on the council's significant outlier status with regards to the costs it incurs due to its central London location 3) The council is actively working with other central London councils to ensure that central London is fairly considered e.g. due its relatively high cost of living and the impact of daytime visitors. 	All
2. European Union Referendum result - impact on national economy				
Impact of Brexit on the wider economy	Potential slowdown of the economy which could lead to an increase in unemployment. Central government funding to departments could be hit with a consequential impact on local government funding.		<ol style="list-style-type: none"> 1) Proactive organisational financial planning. 2) Council policies to promote local business. 3) Council policies to increase employment. 	All

Risk / Weakness	Implications	RISK	Mitigating actions	Relevance to Services
3. Localising Business Rates				
On-going volatility from appeals and also the impact on collection rates as following the implementation of localising business rates, 75% of outcome will fall on Local Government.	<p>Adverse financial outcome for the Council in future years</p> <p>In addition, the Council faces the prospect of future transfer of responsibilities or “new burdens” with the potential full localisation of Business Rates. The Government has already indicated that new responsibilities would transfer over to Local Government (to ensure the new Business Rate’s scheme is revenue neutral). The Council must ensure it is well resourced to manage the responsibility of new services that could potentially be demand led (or historically under-funded).</p>		<p>1) Continuing efforts to collaborate and interact with MHCLG, Valuation Office, London Councils, etc.</p> <p>2) Leading on responses to consultations.</p> <p>3) Lobbying "Central Government" (i.e. Valuation Office, MHCLG)</p>	All
4. Business Rates Appeals				
Reduction in funding and impact of backdating of appeals. Localising of Business Rates will increase this risk from 50% to 75% for Local Authorities. The related opportunity is from consultations on dealing with Business Rates appeals process - checking and challenging might reduce the number of live appeals.	<p>Adverse financial outcome(s) for the Council in future years</p>		<p>1) Review data with Valuation Agency and other relevant stakeholders to reduce number of appeals</p> <p>2) Continuing discussions with MHCLG and the Valuation Office on measures to resolve outstanding appeals</p>	All

Risk / Weakness	Implications	RISK	Mitigating actions	Relevance to Services
5. Pension Fund Assets / Pension Fund Deficit				
Pension Fund assets failing to deliver returns in line with the anticipated returns underpinning valuation of Pension Fund Liabilities over the long-term.	The Council's Pension Fund being under-funded resulting in an increase in the employer contribution rate and deficit funding that the Council pays into the fund.		1) The council has a deficit repayment plan in place to reduce the long-term costs of financing the pension deficit	All
6. Reliance on Commercial Income				
Exploring alternative sources of income to offset core funding reductions and also ensure value for money for residents	A recession or other unexpected/uncontrollable event could leave the Council exposed to under-funding or large losses in income. Competition - As well as individual factors influencing demand the Council has to consider competitive forces in certain service areas. Especially trading activities.		1) Rigorous monthly monitoring which scrutinises forecast projections and challenges material movements against budgeted targets.	Specific Services
7. Inflation				
The Council's expenditure (pay and non-pay) is subject to annual inflation based on indexation that is determined by national inflation rates. Inflation can affect agreed suppliers' contracts for other service expenditure	Sharp increases in inflation would result in higher for day to day expenditure and costs related to employment. Other issues include: Each 1% change in inflation adds around £6m to the Council's cost pressures		1) Monitoring actual inflation and forecast projection (e.g. at key milestones such as HM Treasury's Budget announcement) and modelling the impact of incremental increases on the Council's applicable expenditure. 2) Exploring all opportunities during the tendering process for all service contracts to minimise indexation clauses, negotiate for favourable fees etc.	All
8. Delivery of Budgeted Savings				
Agreed MTP Savings are not fully achieved or slip into future years.	Potential for in-year overspends and funding gaps		1) Robust challenge of all proposed MTP Savings during the MTP process (e.g. through Corporate Budget Group) 2) In-year monitoring of agreed MTP Savings	All

Risk / Weakness	Implications	RISK	Mitigating actions	Relevance to Services
9. Planned Use of Capital Receipts				
Capital receipts are generated when an asset is disposed of and are source of financing capital expenditure. However there can be delays in completing the disposal of an asset which then delays the inflow of a capital receipt.	Shortfalls in financing of capital expenditure, possibly resulting in higher borrowing costs.		1) In-depth analysis and challenge of capital project cash flow projections. 2) Rigorous monthly monitoring which scrutinises forecast projections and challenges material movements against budgeted targets.	Specific Services
10. Interest Rate changes				
Changes to the Bank Base Rate and returns on investments.	The Council earns an amount of income from its Treasury function. Should the country return to a reducing interest rate situation then such a decrease in interest rates could mean returns on investment are lower, reducing the amount of income earned e.g. from Government Bonds		The Council has a number of options available to it to mitigate these risks. These include: placing fixed term deposits as opposed to instant access, limiting deposits in money market funds and closely monitoring interest rate forecasts and available market rates.	Specific Service
11. Public Health Grant Funding				
The Government is proposing reductions to Public Health grant funding, along with possible removal of the ring-fence for the grant/potential changes to the Public Health grant conditions.	The proposed changes to the grant would cause a funding pressure for the service and have the potential to cause short-medium term disruptions to the service and on-going projects.		Budget savings proposals, in line with outcome of a national consultation process which was initiated by Public Health England at end of July 2015 on the four possible options proposed for the budget reductions. An implementation plan with proposed efficiencies to ensure that the budget commitments are met.	Specific Service

Risk / Weakness	Implications	RISK	Mitigating actions	Relevance to Services
12. Strategic Transformation Partnerships				
Failure to secure appropriate monies towards an increase in demand for social care services due to a shift in activities from acute to community setting.	Increase demand on social care services which may result in financial pressures and impact on the quality of care offered.		An Out of Hospital (OOH) strategy has been developed which is expected to be reflected in the transformational business cases for the STP. WCC sits on the Health and Care Transformation Board (HCTB).	Specific Service
13. Demographic Changes				
Customer needs and behaviours continue to change which brings new challenges and opportunities to the Council. There is the potential to see changes to population levels caused by uncertainty of status of existing overseas workers / residents as well as ability for new workers to come to the country	Demographic changes have led to continuing pressures on social services budgets. There are children in the borough left are increasingly benefit dependent or in fee paying schools. Children's Services have been rated as outstanding so the main issues are likely to be housing costs and the cost and availability of childcare, as well as possibly community safety.		The Council is engaged in long term planning and transformational programmes to mitigate the action of demographic changes on budgets and services.	Specific Services
14. Risk to continuity of health funding associated with Clinical Commissioning Groups (CCG)				
CCG budgets are under increasing pressure with increasing risks and actual overspends to deal with. This is leading to the CCGs signalling that they will significantly reduce the funding commitment that passes to the Council via s75 and the BCF plan from 2019/20. There is also a risk of non-continuance of IBCF funding and other social care grants beyond March 2020.	Should CCGs reduce funding to the extent indicated, while the Council will seek to novate as many of the contracts to the CCGs or otherwise cease those that are not deemed to be service responsibilities of the council, the council may not be able to make all the necessary changes before funding ceases, leaving a short-term cost with the council until those contracts can be ended. Up to a further estimated £5m of services, currently funded by the CCGs, would need to be continued by the Council, for which budget may need to be covered by a drawdown of council reserves until mitigating savings or funding can be identified.		This is a very current and ongoing discussion between the CCGs and the Council. The Council continues to engage with CCGs at Executive and Finance levels to understand and clarify the intentions of the CCGs, make clear to them the impact of their decisions on current funded services and negotiate the best outcome in the circumstances. The CCGs have the right and ability to reduce their BCF funding down to "CCG minimum" levels, the concern is how to manage this to least impact on both residents/service users and council finances. We will seek to novate as many health focused contracts back to the CCGs for them to manage and mitigate the impact on service users, and for those services which are to remain with the council we will investigate all options for identifying funding/budget to enable this.	Specific Services

12 Reserves and Balances

12.1 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. Furthermore, 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 also accounting adjustments which are required by statute. These reserves cannot be used to fund capital or revenue expenditure.

12.2 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 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.

12.3 The use of general and earmarked revenue reserves cannot be regarded as a sustainable medium-term strategy to fill the gap from core funding reductions. This is because a usable reserve is a finite, cash balance which can only be used once whereas the reduction in core funding is a permanent year-on-year loss to the Council's base budget.

General Reserves

12.4 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 2018 was £58.865m. 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

12.5 When considering what level of general reserve to hold, the following relevant and applicable legislation and regulation has been taken into account:

- 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;
- 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.

12.6 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;
- Set a balanced budget with due regard to the level of reserves held.

12.7 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 articulated in the annual Council Tax and Budget Report which sets the annual budget and is approved by full Council usually in early March each year.

12.8 This responsibility is set out in paragraph 2.1 of the Council's Financial Regulations which state that the Section 151 officer is responsible for:

- *“Advising the Cabinet and Council on a prudent level of reserves for budget purposes, and ensuring any appropriate contingency provisions are maintained”*

12.9 Paragraph 3.2 also states that:

- *“Responsibilities of the Section 151 officer includepreparing the Revenue Budget, and reporting to the Council on the robustness of the estimates and the adequacy of reserves”*

General Reserve Movements

12.10 The table below details the movement of general reserve since 2006/07. The Council has faced a number of challenges during this time including significant turbulence in the wider economy, austerity measures etc.

Financial Year	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
GF Balance £'000	66,864	69,930	60,090	32,396	15,578	22,054	32,027	35,295	36,035	41,576	48,777	58,865
Movement		3,066	(9,840)	(27,694)	(16,818)	6,476	9,973	3,268	740	5,541	7,201	10,088

12.11 The table shows that over time there have been significant movements in the general reserve balance including a three year period between 2008/09 to 2010/11 when the general reserve balance decreased by £54.352m. If this had occurred again over a three year period starting from 2017/18, the Council would have a general reserve balance of just £4.513m.

12.12 This would be a highly undesirable position for the Council placing it in financial vulnerable position where its position to withstand any further unexpected financial shocks would be severely constrained. In addition, a position of negative reserves would effectively mean that the Council would be in breach of the law.

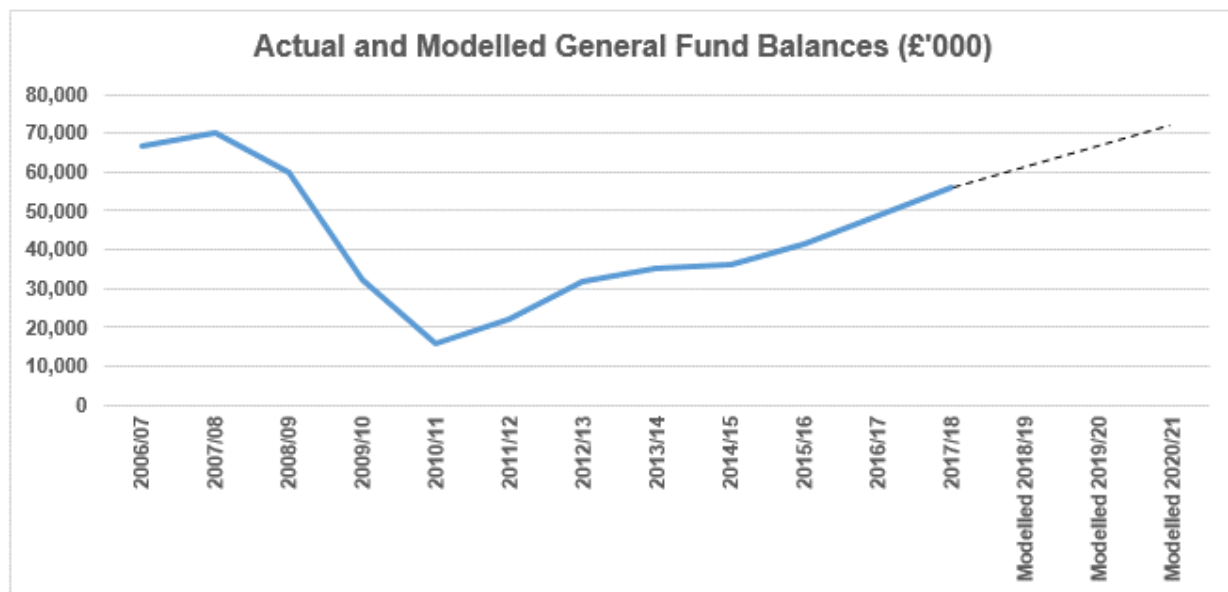
12.13 There are also a number of other factors to be taken into account when considering the level of general reserves the Council holds at the present time. These include:

- based on the Council's budgeted gross expenditure, approximately £2.35m is budgeted to be spent a day on the provision of General Fund services. The 2017/18 General Reserve balance when viewed in this context represents just 23 days of expenditure;
- the Council has been required to find savings year on year from its budget since 2010/11. it is becoming harder to identify low risk savings opportunities and thus the need to protect the General Fund by holding suitable levels of reserves to mitigate higher risk becomes more essential;
- future levels of uncertainty are compounded by the Council's growing reliance on commercial income rather than government core funding. This gearing effect necessitates higher reserves as in the view of the Section 151 officer and based on experience from the past these income streams have the potential to fluctuate. Other underlying risks such as the general

economic outlook have the potential to impact unfavourably on Westminster given the scale of its business community and contribution to the nation's Gross Value Added;

- future transfer of responsibilities or “new burdens.” With the next phase of localisation of Business Rates in 2020/21 (75% retention), the Government has indicated that new responsibilities would transfer over to Local Government (to ensure the new Business Rates scheme is revenue neutral). The Council must ensure it is well resourced to manage the responsibility of new services that could potentially be demand led.

12.14 In light of the previous situation where the Council's General Reserve balance reduced by £54m over a 3 year period and other factors discussed above, the Council's strategy has been to gradually rebuild the level of General Reserve to mitigate any possible similar situation in the future.



General Reserves Level

12.15 Based on the information contained within the sections above the Section 151 officer's judgement is that general reserves are considered adequate at a level of £58.865m as at the date of this report. This was confirmed by the Council's external auditors in the 2017/18 Statement of Accounts.

12.16 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 which appears currently to be stable although significant uncertainties remain;
- the Council's framework of governance and controls has been assessed by the Auditor as being satisfactory;
- the track record of Directorate teams in recent years of delivering on-going budget savings can be considered successful.

12.17 However, there are a number of other factors which suggest that it would be desirable to increase the level of the balance at the earliest opportunity as set out in the previous section. At this point it is considered that a general reserve balance of at least £70m would be a prudent and advisable position, based on the current economic climate.

12.18 It is not considered at this point that further 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.

13 Council Tax, Business Rates and Levies & Precepts

Council Tax

13.1 The Council Tax Base (the number of Band D equivalent properties estimated to be billable for the year 2019/20) was considered by Cabinet in December 2018 and approved by Full Council on the 23 January 2019. The yield derived from the Council's standard (Band D) charge is a multiple of the number of properties chargeable in each banding.

13.2 The Welfare Reform Act 2012 replaced the previous Council Tax Benefits scheme with a locally determined Council Tax Reduction scheme. In setting the taxbase for 2019/20, Council also approved the continuation of the existing Local Council Tax Reduction Scheme which ensures those eligible have their Council tax liability fully funded.

13.3 The number of properties (and mix of properties within each banding) has increased over the current year's taxbase as the result of a combination of new properties being brought into use; alterations to existing properties changing their

valuation, and changes to the numbers of residents entitled to funding via the Local Council Tax Reduction Scheme. The taxbase for the whole of the City of Westminster has increased from 128,833.30 to 130,319.70 Band D equivalent properties – an increase of 1,486.40 (a 1.15% increase).

- 13.4 As well as collecting Council Tax for the Council's own purposes, the Council is responsible for collecting it for both major and minor preceptors. The change in the taxbase for each body is set out in the table below:

Council Tax Base Analysis:

Financial Year	Queen's Park Community Council (No.)	Montpelier Square Garden Committee (No.)	Rest of the City of Westminster (No.)	Whole of the City of Westminster (No.)
2018/19	3,406.61	95.68	125,331.01	128,833.30
Change	89.49	1.93	1,394.98	1,486.40
2019/20	3,496.10	97.61	126,725.99	130,319.70

- 13.5 All other things being equal, the overall increase in the taxbase has the impact of yielding additional revenue receipts without any change in the headline Band D chargeable rate. Using the 2018/19 Band D amount of £416.27, the increase in the taxbase for 2019/20 would generate an additional gross £0.619m in the Council's own share of the Council Tax yield. As part of the MTP process for 2019/20, a saving of £0.475m within the City Treasurer's department was predicated on an estimated Council Tax base growth. Therefore, the net additional income for 2019/20 is £0.144m (which contributes towards mitigating the NHB pressure).
- 13.6 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 3.00% (excluding the Adult Social Care precept) or more would constitute an excessive increase for 2019/20.
- 13.7 Should a local authority wish to propose a budget that increases the Band D amount by more than this threshold, it is additionally required to prepare an alternate budget that does not breach that limit and to hold a referendum of its residents who would be able to determine which budget proposal they wished to be implemented. Such a referendum would involve considerable cost in holding.
- 13.8 Inflation has the impact of eroding the real purchasing power of the Council Tax yield. The latest ONS official annual inflation rates for December 2018 indicate CPI to have been 2.1%.

- 13.9 The maximum amount that the Council can increase on its own element without triggering a referendum is 2.99% (excluding the Adult Social Care precept). The table below sets out the additional income that would be generated by incremental increases up to the maximum level.

	Modelled Changes to WCC Band D						
Band D:	0.00%	0.50%	1.00%	1.50%	2.00%	2.50%	2.99%
2018/19 Band D Amount (£)	416.27	416.27	416.27	416.27	416.27	416.27	416.27
Modelled Increase in Band D (£)	0.00	2.08	4.16	6.24	8.33	10.41	12.45
2019/10 Modelled Band D Amount (£)	416.27	418.35	420.43	422.51	424.60	426.68	428.72
Weekly Cost of Change (£/Week)	0.00	0.04	0.08	0.12	0.16	0.20	0.24
Modelled Additional Council Tax Income from Change (£'m)*	0.000	0.268	0.536	0.804	1.073	1.341	1.604

**based on 2018/19 Council Tax Base*

- 13.10 The schedules throughout this report set out the financial implications on the Council's overall budget of increasing the general Council Tax amount for 2019/20 by 2.1% over that of 2018/19 Band D general Council Tax. Cabinet is asked to recommend a 2.1% increase in the core element of Council Tax to fund emerging pressures.
- 13.11 The Greater London Authority is due to meet to formally consider the Mayor's proposed budget for the GLA on 25 February 2019. Currently, the Mayor's proposed budget recommends an increase to the 2019/20 Band D equivalent charge from £294.23 to £320.51. This consists of a £24.00 increase in the policing element and £2.28 increase in the non-police element of the precept. A verbal update will be provided at the meeting regarding the outcome of the London Assembly decision.
- 13.12 Queen's Park Community Council met on 30 January 2019 and confirmed that their precept for 2019/20 would remain unchanged at £46.38 (Band D equivalent).
- 13.13 Similarly, the Montpelier Square Garden Committee has notified the Council of their intention to keep the amount they wish to raise from their special expense for residents in their area unchanged for 2019/20 at £491.22.
- 13.14 Local authorities have been granted additional powers from the Department for Government and Local Communities (MHCLG) to raise additional funding from Council Tax to support spending on Adults Social Care activities which would otherwise have been unaffordable. This Adults Social Care Precept was first introduced in 2016/17 and which the Council added an additional 2.00% in accordance with that year's recommendations.

13.15 The 2017/18 Local Government Finance Settlement extended this opportunity for the period 2017/18 to 2019/20. A limit of a maximum total 6.00% further increase for these three years applies, but allows some scope for the phasing of this additional charge to be applied (no more than 3.00% in either 2017/18 or 2018/19 and a maximum 2.00% in the final 2019/20 year). The Council applied a 2% increase in both 2017/18 and 2018/19.

13.16 As set out in paragraphs 6.2 to 6.26, there are growing pressures in the Adult Social Care service and so to maximise the opportunity to provide essential funding for the service whilst keeping the increases to the taxpayer manageable and affordable, the spreading of this additional charge to an equal 2.00% per annum was considered to be the most appropriate.

13.17 The additional revenues expected to be generated from the Adult Social Care Precept is as set out in the following table:

Band D (£) Breakdown	2018/19	2019/20
Prior Year Band D Amount (£)	408.12	416.27
2% Increase for Adult Social Care Precept (£)	8.15	8.33
Council Tax Base (No. of Band D Equivalent Dwellings)	128,833.30	130,319.70
Council Tax Income - ASC Precept Element (£'m)*	1.050	1.086
*and Council Tax Base Growth		

13.18 The collective impact of the proposed changes to the Band D amounts (2.1% for the Core Element) for 2019/20 (as discussed in the paragraphs above) is summarised in the table below:

	Queen's Park Community Council	Montpelier Square Garden Committee	Rest of the City of Westminster	Whole of the City of Westminster
Band D Breakdown	£	£	£	
Westminster City Council - General Band D Element	425.01	425.01	425.01	
Westminster City Council - ASC Precept	8.33	8.33	8.33	
Sub-Total (£)	433.34	433.34	433.34	
Greater London Authority Precept	320.51	320.51	320.51	
Queen's Park Community Council Precept	46.38	0.00	0.00	
Montpelier Square Special Expense	0.00	491.22	0.00	
Total Band D Amount	800.23	1,245.07	753.85	

2019/20 Council Tax Base (No. of Band D Equivalents)	3,496.10	97.61	126,725.99	130,319.70
Westminster City Council (£)	1,515,006	42,298	54,915,652	56,472,738
Greater London Authority Precept (£)	1,120,535	31,285	40,616,947	41,768,767
Queen's Park Community Council Precept (£)	162,149	0	0	162,149
Montpelier Square Special Expense (£)	0	47,948	0	47,948
Total Council Tax Income in Area (£)	2,797,690	121,531	95,532,599	98,451,603

Long Term Empty Property Premium

- 13.19 The Local Government Finance Act 2012 allows local authorities to set a Long-Term Empty Property Premium for properties that have been empty for at least 2 years. The premium is currently (for 2018/19) set at 50% of the normal Council Tax, which means that the overall charge is 150% of the standard Council Tax for the relevant Council Tax band.
- 13.20 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 has recently received Royal Assent and for 2019/20 the premium will rise from 50% to a maximum of 100%.
- 13.21 The current 50% premium on the Council's 156 properties that have been empty for over 2 years provides around £48k per annum in additional Council Tax income. The 2019/20 Council Tax Discounts and Council Tax base report presented to Cabinet in December 2018 included a recommendation increase the premium in 2019/20 from 50% to 100% will double this figure to £96K (based on the current profile of empty properties in the borough).
- 13.22 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 also amends the maximum premium levels for 2020/21 and for 2021/22 as below:

Financial Year	Period	Applicable Premium
2020/21	Properties empty between 2 years	100% increase
2020/21	Properties empty over 5 years	200% increase
2021/22	Properties empty between 2 years to 5 years	100% increase
2021/22	Properties empty between 5 years to 10 years	200% increase
2021/22	Properties empty over 10 years	300% increase

- 13.23 Any decision to implement the above for 2020/21 and 2021/22 would align with the Council's current City for All agenda and the Council's aim of a fairer Council Tax system for all residents.

The Collection Fund

- 13.24 Statutory regulations require local authorities to account for annual Council Tax / Business Rates income in a manner different 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 actually 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 are that for 2019/20 the above estimates will represent the amount of income credited to the revenue account for that year – regardless of actual achieved.

Business Rates

- 13.25 In 2018/19 the business rates retention scheme developed into a two-year London-wide pooling arrangement whereby any growth that would normally be paid over the MHCLG (under the normal scheme, 50% of the growth above baseline levels is paid to central government as a levy) would be retained within London and distributed via four pots:
- Relative Need
 - Population
 - Growth Reward
 - Strategic Investment Pot (SIP) – bid process for this pot
- 13.26 Currently, the London pool is estimated to retain approximately £350m by not having to pay a levy on its overall growth above baseline levels. Due to the volatility of business rates in general, this figure is subject to change and the amount of growth Westminster will receive from this pot is dependent on the performance of all London boroughs.
- 13.27 At present, based on forecasts at the start of the year, Westminster's share of the growth within the pool is estimated to be £6.7m in 2018/19. The outcome will be known at the end of the financial year once all London boroughs have submitted their final accounts. As the London pool is expected to operate for only two years, any growth retained will be placed into reserves to mitigate any volatility in local government funding after the outcome of the Fair Funding Review is known.
- 13.28 In the second year of the pool in 2019/20, the retained element of the pool will reduce from 100% retention to 75% as outlined in paragraph 6.13.
- 13.29 Westminster continues to be by far the biggest collector of business rates in the country, collecting around 8% of the national total. Due to Westminster's place in the national economy, rent levels, and hence business rates, continue to grow at rates well above the national average. There have been significant increases in rateable values at both the 2010 Revaluation (63% increase) and the 2017 Revaluation (25%). A consequence of the high revaluation increases has been to see record levels of appeals lodged against the Valuation Office Agency's rating assessments, which in turn has led to particularly high levels of subsequent rate refunds – the majority of which have been back-dated to the very start of the 2010 Valuation List.
- 13.30 This led to a situation for Westminster whereby, after the impact of making refunds for successful appeals, the net amount collected has fallen below the Safety Net threshold for every year since the current scheme start in 2013/14. Only in recent times, now that the VOA has cleared much of the backlog has Westminster been

able to budget at a level which it expects to be able to continue to do in the foreseeable future.

Levies and Special Charges

13.31 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 to the North West of London; and
- London Pensions Fund Authority – recover the pension costs arising from the abolition of the Greater London Authority.

13.32 At the time of writing this report, the Council is awaiting notifications from these three bodies to confirm the 2019/20 levies. Therefore, the 2018/19 levy charges are included in the budget options being recommended in this report. Should these organisations provide the notifications to the Council for the 2019/20 levy charges after the dispatch of this agenda item and before the meeting itself, a verbal update will be provided.

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 Tax payers and ratepayers on the one hand and the users of Council services on the other are both taken into account.

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 11, 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 as a result 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 19 below. 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 The use of General Fund and HRA (non-Right to Buy) capital receipts funds to fund transformation projects detailed in this report is compliant with the Statutory Guidance on the Flexible Use of Capital Receipts (updated) issued under section 15(1)(a) of the Local Government Act 2003 (which authorities are required to have regard to). The guidance applies with effect from 1 April 2016 to 31 March 2021.

- 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 2019-20, the referendum threshold is 3 per cent. 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 per cent for authorities with adult social care responsibilities. The borough needs to raise Council Tax on this account for 2019-20 and is therefore implementing the precept.

15 People's Services Comments

- 15.1 The Council is required by law to notify the Redundancy Payments Service (RPS), of a proposal to dismiss 20 or more employees as redundant at one establishment within a period of 90 days or less.
- 15.2 The RPS, acting on behalf of the Secretary of State for Business, Energy and Industrial Strategy (BEIS), collects the information and distributes it to the appropriate Government Departments and Agencies who offer job brokering services and/or training services so that they can discharge their obligation to the affected employees.
- 15.3 The budget proposals for 2019/20 are likely to result in up to a reduction in headcount of six. It is expected that these will be met from existing vacancies and so it is unlikely at this stage that any redundancies are expected in relation to this proposals. Regardless of this, as the headcount reduction is less than 20, the statutory requirement to complete an HR1 form to the BEIS is deemed unnecessary at this stage.

16 Procurement Implications

- 16.1 Procurement Services representatives attended a series of Corporate Budget Group meetings during July and August 2018. These meetings included an opportunity for Procurement (together with other support teams e.g. People Services) to gain a better understanding of 2019/20 savings proposals. Where there were proposals involving external supply market engagement, Procurement were able to constructively challenge to help ensure a reasonable level of robustness.
- 16.2 Procurement are satisfied with the 2019/20 budget proposals recommended in this report for approval.

17 Equalities Implications

- 17.1 Under the Equalities Act 2010 the Council has a legal duty to pay "due regard" to the need to eliminate discrimination and promote equality with regard to the

protected characteristics of age, disability, gender reassignment, marriage/ civil partnership, pregnancy/ maternity, race, religion or belief and sexual orientation.

- 17.2 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.
- 17.3 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 Annex B. 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.

Schedules

- 1 Illustrative Gross Income Budgets 2018/19 to 2019/20
- 2 Illustrative Gross Expenditure Budgets 2018/19 to 2019/20
- 3 Illustrative Net Budgets 2018/19 to 2019/20
- 4 Summary of Service Savings and Pressures by Cabinet Member and ELT (4a)
Summary of 2019/20 Service Budget Changes by Cabinet Member (4b)
Summary of 2019/20 Service Budget Changes by ELT (4c)
Budget Gap (4d)
- 5 Levies, Special Expenses and Precepts
- 6 Council Tax Information
- 7 Use of Council Tax Income
- 8 Housing Revenue Account – Revenue Budget

Annexes

- A Budget and Performance Task Group Meeting Notes
- B Equalities Impact Assessments
- C Council Tax Resolution

Background Papers

2019 Budget Proposals Report – Council Meeting 07 November 2018

2018/19 Budget and Council Tax Report – Council Meeting 07 March 2018

Capital Strategy 2018/19 to 2022/23, forecast position for 2017/18 and future years forecasts summarised up to 2031/32 – Council Meeting 07 March 2018

Treasury Management Strategy Statement for 2018/19 to 2022/23 – Council Meeting 07 March 2018

If you have any queries about this report or wish to inspect any of the background papers, please contact: David Hodgkinson on 0207 641 8162 or at dhodgkinson@westminster.gov.uk

Schedule 1 - Illustrative Gross Income Budgets 2018/19 to 2019/20

Cabinet Member	Revised 2018/19 Budget £'000	Budget Change £'000	Draft 2019/20 Budget £'000
Leader of the Council	(6,357)	0	(6,357)
Deputy Leader, Economic Development, Education and Skills	(113,508)	(200)	(113,708)
Digital and Customer Services	(718)	0	(718)
Environment and City Management	(119,059)	(1,393)	(120,452)
Family Services and Public Health	(93,579)	(15,712)	(109,291)
Finance, Property and Regeneration	(266,929)	(15,647)	(282,576)
Housing Services	(45,233)	(100)	(45,333)
Place Shaping and Planning	(8,377)	0	(8,377)
Public Protection and Licensing	(10,504)	(30)	(10,534)
Sports, Culture and Community	(3,855)	(750)	(4,605)
Sub-Total Gross Income	(668,120)	(33,832)	(701,951)

Core Funding			
Net Pooled Business Rates	(133,810)	8,500	(125,310)
Council Tax Income	(53,831)	(1,295)	(55,127)
Sub-Total Gross Income	(187,641)	7,205	(180,436)
Total Gross Income	(855,761)	(26,627)	(882,387)

Executive Leadership Team	Revised 2018/19 Budget £'000	Budget Change £'000	Draft 2019/20 Budget £'000
City Treasurer	(31,837)	(13,743)	(45,580)
Director of Policy, Performance and Communications	(7,859)	0	(7,859)
Executive Director Adult Services	(86,798)	(15,807)	(102,605)
Executive Director of Children's Services	(106,228)	95	(106,133)
Executive Director of City Management and Communities	(136,899)	(2,373)	(139,272)
Executive Director of Corporate Services	(4,905)	0	(4,905)
Executive Director of Growth, Housing and Planning	(293,595)	(2,004)	(295,598)
Sub-Total Gross Income	(668,120)	(33,832)	(701,951)
Core Funding			
Net Pooled Business Rates	(133,810)	8,500	(125,310)
Council Tax Income	(53,831)	(1,295)	(55,127)
Sub-Total Gross Income	(187,641)	7,205	(180,436)
Total Gross Income	(855,761)	(26,627)	(882,387)

Schedule 2 - Illustrative Gross Expenditure Budgets 2018/19 to 2019/20

Cabinet Member	Revised 2018/19 Budget £'000	Budget Change £'000	Draft 2019/20 Budget £'000
Leader of the Council	15,028	45	15,073
Deputy Leader, Economic Development, Education and Skills	124,112	61	124,173
Digital and Customer Services	11,893	(10)	11,883
Environment and City Management	104,465	(1,143)	103,322
Family Services and Public Health	177,750	12,832	190,582
Finance, Property and Regeneration	316,647	16,417	333,064
Housing Services	69,040	(951)	68,089
Place Shaping and Planning	10,906	0	10,906
Public Protection and Licensing	19,255	(55)	19,200
Sports, Culture and Community	6,665	(569)	6,096
Sub-Total Gross Expenditure	855,761	26,627	882,387

Core Funding			
Net Pooled Business Rates	0	0	0
Council Tax Income	0	0	0
Sub-Total Gross Income	0	0	0
Total Gross Income	855,761	26,627	882,387

Executive Leadership Team	Revised 2018/19 Budget £'000	Budget Change £'000	Draft 2019/20 Budget £'000
City Treasurer	83,399	13,737	97,136
Director of Policy, Performance and Communications	16,035	(222)	15,813
Executive Director Adult Services	143,499	12,596	156,095
Executive Director of Children's Services	137,236	497	137,733
Executive Director of City Management and Communities	137,395	(1,967)	135,428
Executive Director of Corporate Services	19,736	1,803	21,539
Executive Director of Growth, Housing and Planning	318,460	183	318,643
Sub-Total Gross Expenditure	855,761	26,627	882,387
Core Funding			
Net Pooled Business Rates	0	0	0
Council Tax Income	0	0	0
Sub-Total Gross Expenditure	0	0	0
Total Gross Expenditure	855,761	26,627	882,387

Schedule 3 - Illustrative Net Budgets 2018/19 to 2019/20

Cabinet Member	Revised 2018/19 Budget £'000	Budget Change £'000	Draft 2019/20 Budget £'000
Leader of the Council	8,672	45	8,717
Deputy Leader, Economic Development, Education and Skills	10,603	(139)	10,464
Digital and Customer Services	11,175	(10)	11,165
Environment and City Management	(14,594)	(2,536)	(17,130)
Family Services and Public Health	84,170	(2,880)	81,290
Finance, Property and Regeneration	49,718	770	50,488
Housing Services	23,807	(1,051)	22,756
Place Shaping and Planning	2,530	0	2,530
Public Protection and Licensing	8,751	(85)	8,666
Sports, Culture and Community	2,809	(1,319)	1,490
Sub-Total Gross Expenditure	187,641	(7,205)	180,436

Core Funding			
Net Pooled Business Rates	(133,810)	8,500	(125,310)
Council Tax Income	(53,831)	(1,295)	(55,127)
Sub-Total Gross Income	(187,641)	7,205	(180,436)
Total Gross Income	0	0	0

Executive Leadership Team	Revised 2018/19 Budget £'000	Budget Change £'000	Draft 2019/20 Budget £'000
City Treasurer	51,562	(6)	51,556
Director of Policy, Performance and Communications	8,176	(222)	7,954
Executive Director Adult Services	56,701	(3,211)	53,490
Executive Director of Children's Services	31,008	592	31,600
Executive Director of City Management and Communities	497	(4,340)	(3,843)
Executive Director of Corporate Services	14,831	1,803	16,634
Executive Director of Growth, Housing and Planning	24,866	(1,821)	23,045
Sub-Total Gross Expenditure	187,641	(7,205)	180,436
Core Funding			
Net Pooled Business Rates	(133,810)	8,500	(125,310)
Council Tax Income	(53,831)	(1,295)	(55,127)
Sub-Total Gross Expenditure	(187,641)	7,205	(180,436)
Total Gross Expenditure	0	0	0

Schedule 4a - Summary of Service Savings and Pressures by Cabinet Member and ELT

CABINET MEMBER/ELT	City Treasurer	Director of Policy, Performance and Communications	Executive Director Adult Services	Executive Director of Children's Services	Executive Director of City Management and Communities	Executive Director of Corporate Services	Executive Director of Growth, Housing and Planning	Total Budget Change
Leader of the Council	0	(222)	0	0	0	(83)	0	(305)
Deputy Leader, Economic Development, Education and Skills	0	0	0	0	(500)	0	0	(500)
Digital and Customer Services	0	0	0	0	0	(10)	0	(10)
Environment and City Management	0	0	0	0	(2,686)	0	0	(2,686)
Family Services and Public Health	0	0	(5,101)	(846)	0	0	0	(5,947)
Finance, Property and Regeneration	(20,617)	0	0	0	0	(204)	(2,920)	(23,741)
Housing Services	0	0	0	0	0	0	(1,051)	(1,051)
Public Protection and Licensing	0	0	0	0	(289)	0	0	(289)
Sports, Culture and Community	0	0	0	0	(1,319)	0	0	(1,319)
Gross Savings	(20,617)	(222)	(5,101)	(846)	(4,794)	(297)	(3,971)	(35,848)
Leader of the Council	0	0	0	0	0	350	0	350
Deputy Leader, Economic Development, Education and Skills	0	0	0	261	100	0	0	361
Environment and City Management	0	0	0	0	150	0	0	150
Family Services and Public Health	0	0	1,890	1,177	0	0	0	3,067
Finance, Property and Regeneration	1,516	0	0	0	0	1,750	2,150	5,416
Public Protection and Licensing	0	0	0	0	204	0	0	204
Unavoidable Pressures	1,516	0	1,890	1,438	454	2,100	2,150	9,548
Net Savings Requirement	(19,101)	(222)	(3,211)	592	(4,340)	1,803	(1,821)	(26,300)

Schedule 4b - Summary of 2019/20 Service Budget Changes by Cabinet Member

Title of Budget Change Proposal:	Expenditure £'000	Income £'000	Net £'000
Enhancement of the Maternity and Parental leave policies	350	0	350
Pressure Total	350	0	350
Review of Corporate Services, pay and non-pay budgets	(83)	0	(83)
Review of Staffing within PPC directorate	(222)	0	(222)
Saving Total	(305)	0	(305)
Leader of the Council Total	45	0	45
Home to School Transport - inflation and minimum wage changes, plus volume increases	261	0	261
Loss of passport and citizenship application checking income	0	100	100
Pressure Total	261	100	361
Libraries and registrars commercial and business opportunities	0	(300)	(300)
Libraries further service transformations	(200)	0	(200)
Saving Total	(200)	(300)	(500)
Deputy Leader, Economic Development, Education and Skills Total	61	(200)	(139)
Review of Corporate Services, pay and non pay budgets	(10)	0	(10)
Saving Total	(10)	0	(10)
Digital and Customer Services Total	(10)	0	(10)
Street Cleansing	150	0	150
Pressure Total	150	0	150
Advertising on waste collection vehicles	0	(350)	(350)
Commercial Waste Income	0	(330)	(330)
Digital saving - Parking Permits	(293)	0	(293)
Integrated neighbourhoods services - Phase 3	0	(100)	(100)
Parking Debt Recovery	0	(250)	(250)
Road Management: Reclassification of Roads	0	(200)	(200)
Waste contract savings	(1,000)	0	(1,000)
Westminster Car Club (Parking)	0	(163)	(163)
Saving Total	(1,293)	(1,393)	(2,686)
Environment and City Management Total	(1,143)	(1,393)	(2,536)
Children with learning disabilities transitioning into adults services	624	0	624
Complexity & Acuity pressures on Adult Social Care Budgets	705	0	705
Demographic Pressures	561	0	561
Family Services – Placement related pressures	1,082	95	1,177
Pressure Total	2,972	95	3,067
Adult Social Care Precept	(1,023)	0	(1,023)
Collaborative Commissioning	(200)	0	(200)
Improved Market Management	(500)	0	(500)
Leaks and bottlenecks review	(200)	0	(200)
Process and Policy Review	(200)	0	(200)
Promoting independence	(300)	0	(300)
Review of Contracts	(250)	0	(250)
Review of Grant Utilisation across Children's Services	(446)	0	(446)
Use of iBCF Grant to fund placements budget	(2,828)	0	(2,828)
Saving Total	(5,947)	0	(5,947)
Family Services and Public Health Total	(2,975)	95	(2,880)
Developer Income	0	900	900
Facilities Management Costs	1,250	0	1,250
Managed Service Provider	1,750	0	1,750
Performance and Contract	1,516	0	1,516
Pressure Total	4,516	900	5,416

Schedule 4b - Summary of 2019/20 Service Budget Changes by Cabinet Member Continued			
Title of Budget Change Proposal:	Expenditure £'000	Income £'000	Net £'000
Business rates	0	(9,701)	(9,701)
Capital programme slippage impact	(3,395)	0	(3,395)
City Treasurers - Treasury Management	0	(4,081)	(4,081)
Corporate Property Strategy	0	(1,500)	(1,500)
Increase in Council Tax Base	0	(475)	(475)
Property rationalisation and asset management	(117)	(1,304)	(1,420)
Revenue & Benefits – contract re-procurement	(2,965)	0	(2,965)
Review of Corporate Services, pay and non pay budgets	(204)	0	(204)
Saving Total	(6,681)	(17,061)	(23,741)
Finance, Property and Regeneration Total	(2,165)	(16,161)	(18,325)
CHW Efficiency saving	(100)	0	(100)
GPH 5% Vacancy factor	(751)	0	(751)
Housing GF	(100)	(100)	(200)
Saving Total	(951)	(100)	(1,051)
Housing Services Total	(951)	(100)	(1,051)
MOPAC funding reduction	0	204	204
Pressure Total	0	204	204
Digital saving - Validation Hub (Licensing)	(55)	0	(55)
Public Protection & Licensing fee review and additional income	0	(184)	(184)
Regulatory support services & pre-application advice	0	(50)	(50)
Saving Total	(55)	(234)	(289)
Public Protection and Licensing Total	(55)	(30)	(85)
Community Services controllable spend review	(119)	0	(119)
Integrated neighbourhoods services - Phase 3	(450)	(350)	(800)
Sports & Leisure - Phase II	0	(400)	(400)
Saving Total	(569)	(750)	(1,319)
Sports, Culture and Community Total	(569)	(750)	(1,319)
Total General Fund	(7,762)	(18,539)	(26,300)

Schedule 4c - Summary of 2019/20 Service Budget Changes by ELT

Title of Budget Change Proposal:	Expenditure £'000	Income £'000	Net £'000
City Treasurers - Treasury Management	0	(4,081)	(4,081)
Revenue & Benefits – contract re-procurement	(2,965)	0	(2,965)
Business rates	0	(9,701)	(9,701)
Capital programme slippage impact	(3,395)	0	(3,395)
Increase in Council Tax Base	0	(475)	(475)
Saving Total	(6,360)	(14,257)	(20,617)
Performance and Contract	1,516	0	1,516
Pressure Total	1,516	0	1,516
City Treasurers Total	(4,844)	(14,257)	(19,101)
Review of Staffing within PPC directorate	(222)	0	(222)
Saving Total	(222)	0	(222)
Director of Policy, Performance and Communications Total	(222)	0	(222)
Children with learning disabilities transitioning into adults services	624	0	624
Complexity & Acuity pressures on Adult Social Care Budgets	705	0	705
Demographic Pressures	561	0	561
Pressure Total	1,890	0	1,890
Adult Social Care Precept	(1,023)	0	(1,023)
Improved Market Management	(500)	0	(500)
Process and Policy Review	(200)	0	(200)
Promoting independence	(300)	0	(300)
Review of Contracts	(250)	0	(250)
Use of iBCF Grant to fund placements budget	(2,828)	0	(2,828)
Saving Total	(5,101)	0	(5,101)
Executive Director Adult Services Total	(3,211)	0	(3,211)
Family Services – Placement related pressures	1,082	95	1,177
Home to School Transport - inflation and minimum wage changes, plus volume increases	261	0	261
Pressure Total	1,343	95	1,438
Collaborative Commissioning	(200)	0	(200)
Leaks and bottlenecks review	(200)	0	(200)
Review of Grant Utilisation across Children's Services	(446)	0	(446)
Saving Total	(846)	0	(846)
Executive Director of Children's Services Total	497	95	592
Loss of passport and citizenship application checking income	0	100	100
MOPAC funding reduction	0	204	204
Street Cleansing	150	0	150
Pressure Total	150	304	454
Advertising on waste collection vehicles	0	(350)	(350)
Commercial Waste Income	0	(330)	(330)
Community Services controllable spend review	(119)	0	(119)
Digital saving - Parking Permits	(293)	0	(293)
Digital saving - Validation Hub (Licensing)	(55)	0	(55)
Integrated neighbourhoods services - Phase 3	(450)	(450)	(900)
Libraries and registrars commercial and business opportunities	0	(300)	(300)
Libraries further service transformations	(200)	0	(200)
Parking Debt Recovery	0	(250)	(250)
Public Protection & Licensing fee review and additional income	0	(184)	(184)
Regulatory support services & pre-application advice	0	(50)	(50)
Road Management: Reclassification of Roads	0	(200)	(200)
Sports & Leisure - Phase II	0	(400)	(400)
Waste contract savings	(1,000)	0	(1,000)
Westminster Car Club (Parking)	0	(163)	(163)
Saving Total	(2,117)	(2,677)	(4,794)
Executive Director of City Management and Communities Total	(1,967)	(2,373)	(4,340)

Schedule 4c - Summary of 2019/20 Service Budget Changes by ELT Continued			
Title of Budget Change Proposal:	Expenditure £'000	Income £'000	Net £'000
Enhancement of the Maternity and Parental leave policies	350	0	350
Managed Service Provider	1,750	0	1,750
Pressure Total	2,100	0	2,100
Review of Corporate Services, pay and non pay budgets	(297)	0	(297)
Saving Total	(297)	0	(297)
Executive Director of Corporate Services Total	1,803	0	1,803
Developer Income	0	900	900
Facilities Management Costs	1,250	0	1,250
Pressure Total	1,250	900	2,150
CHW Efficiency saving	(100)	0	(100)
Corporate Property Strategy	0	(1,500)	(1,500)
GPH 5% Vacancy factor	(751)	0	(751)
Housing GF	(100)	(100)	(200)
Property rationalisation and asset management	(117)	(1,304)	(1,420)
Saving Total	(1,068)	(2,904)	(3,971)
Executive Director of Growth, Housing and Planning Total	183	(2,004)	(1,821)
Total General Fund	(7,762)	(18,539)	(26,300)

Schedule 4d Budget Gap

Core Funding Changes:	Expenditure £'000	Income £'000	Total £'000
Net Business Rates Change (loss from RSG Roll In)	0	8,500	8,500
Net Council Tax Change	0	(1,295)	(1,295)
Sub-Total Core Funding Changes	0	7,205	7,205

Non-Core Funding Changes:			
Inflation	6,200	0	6,200
New Homes Bonus Loss	0	514	514
Risks	3,781	0	3,781
Pension Fund Deficit Recovery	4,000	0	4,000
Pressures	1,200	0	1,200
Capital Programme	3,400	0	3,400
Sub-Total Non-Core Funding Changes	18,581	514	19,095
Total Budget Gap	18,581	7,719	26,300

Schedule 5 Levies, Special Expenses and Precepts

Levies

The Council is required to raise levies from its taxpayers on behalf of three separate bodies. The following levies have so far been notified to the Council:

	2018/19 £'000	Change £'000	2019/20 £'000
London Pension Fund Authority *	1,967	0	1,967
Lee Valley Regional Park Authority *	358	0	358
Environment Agency*	288	0	288
Total	2,613	0	2,613

*Details of the 2019/20 Levies from these bodies have yet to be received. Any details that are received subsequent to despatch of this report will be verbally reported at the meeting

Special Expenses

The Montpelier Square Garden Committee raise a charge (Special Expense) against the local residents who have access to this private garden. This charge is recovered as part of the Council Tax bill for those relevant residents as a specific and separate additional charge.

The Committee is not subject to the same rules regarding the need to hold a referendum but has notified the Council of their desire to freeze the annual charge to relevant residents. The income collected on behalf of the Committee in 2019/20 will increase due to a small increase in Band D equivalent dwellings.

	2018/19 (£)	Change (£)	2019/20 (£)
Montpelier Square Garden Committee	491.22	0.00	491.22

Schedule 5 Levies, Special Expenses and Precepts

Precepts

The Council, as the "Billing Authority", is responsible for billing for major or minor preceptors on behalf of the following organisations:

Greater London Authority

The GLA make a Council Tax charge to residents across all 32 London Boroughs (plus the City of London at a reduced rate which pays for its own policing). This charge is used to fund a number of subsidiary components within the overall GLA group. The average Band D charge across all 32 boroughs has been recommended to rise from £294.23 to £320.51. (This consists of an increase of £24.00 in the policing element and £2.28 (2.99%) increase in the non-police element of the precept). Details of the charge are set out below:

Breakdown of GLA Budget Funded by Precept:	2018/19 Approved £'m	Change £'m	2019/20 Draft £'m
GLA (Mayor)	67.7	0	67.7
GLA (Assembly)	2.6	0	2.6
Mayor's Office for Policing and Crime (MOPAC)	641.4	84.8	726.2
London Fire Commissioner (LFC)	148	11.3	159.3
Transport for London (TfL)	6	0	6
Consolidated Council Tax Requirement	865.7	96.1	961.8

GLA Precept Amount (Band D Equivalent)	2018/19 (£)	Change (£)	2019/20 (£)
Band D Amount - 32 Borough's	294.23	26.28	320.51
Band D Amount - City of London Corporation	76.10	2.28	78.38

Queen's Park Community Council

The Queen's Park Community Council is the only Parish Council in London and was established in April 2014. Queen's Park propose not to increase their precept for 2019/20. The income collected on behalf of Queen's Park in 2019/20 will increase due to a small increase in Band D equivalent dwellings.

	2018/19 (£)	Change (£)	2019/20 (£)
Queen's Park Community Council	46.38	0.00	46.38

Schedule 6 Council Tax Information

Band D Equivalent Dwellings	2018/19	Change	2019/20
Queen's Park Community Council (No.)	3,406.61	89.49	3,496.10
Montpelier Square Garden Committee (No.)	95.68	1.93	97.61
Rest of the City of Westminster (No.)	125,331.01	1,394.98	126,725.99
Total Taxbase	128,833.30	1,486.40	130,319.70

Breakdown of Band D (£)	2018/19	Change	2019/20
Westminster City Council	416.27	17.07	433.34
Greater London Authority Precept	294.23	26.28	320.51
Queen's Park Community Council Precept	46.38	0.00	46.38
Montpelier Square Special Expense	491.22	0.00	491.22

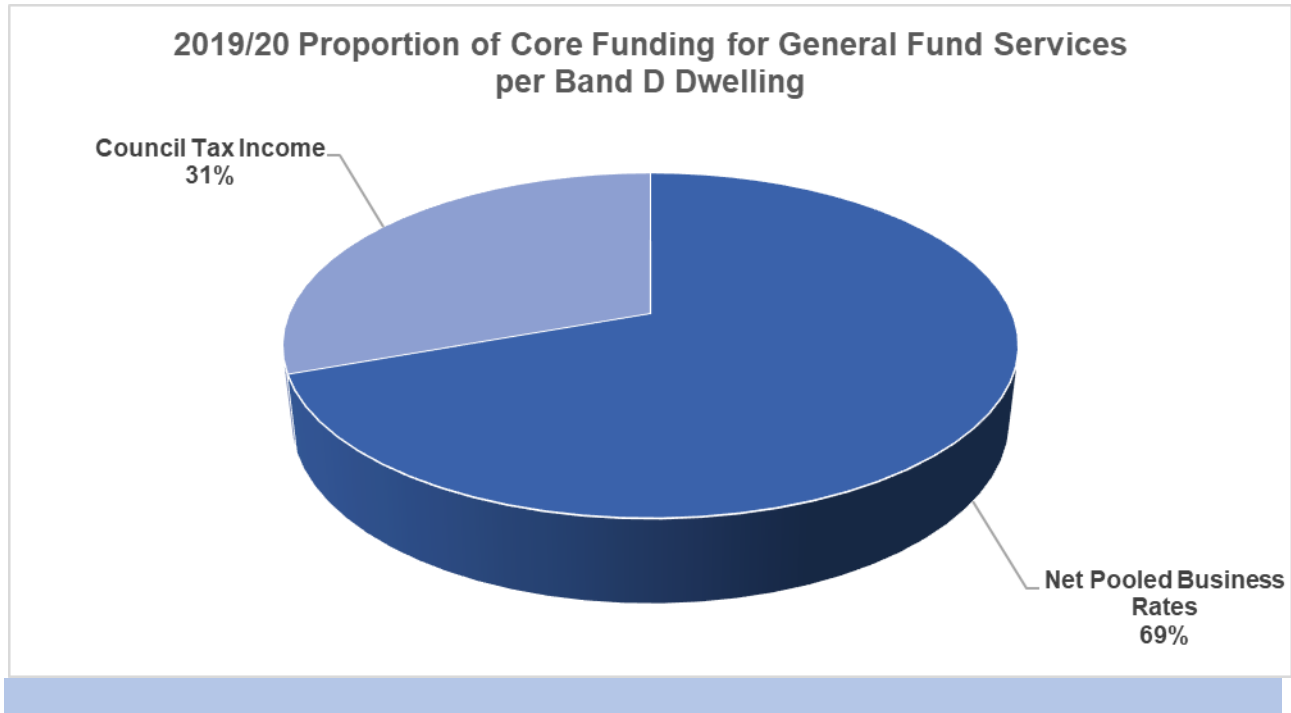
As a consequence of changes to the tax base and Band D amounts, the total expected to be raised from Council Tax for each organisation is as shown below:

Billable Council Tax	2018/19 Approved Budget £'000	Change £'000	2019/20 Draft Budget £'000
Westminster City Council	53,629	2,844	56,473
Greater London Authority	37,907	3,862	41,769
Queen's Park Community Council Precept	158	4	162
Montpelier Square Special Expense	47	1	48

Schedule 7 Use of Council Tax Income

The budgeted cost of delivering services to residents and visitors equates to £1,384.57 annually for every Band D equivalent household in the borough – this equates to £26.63 per week.

The GF is financed by locally retained, pooled Business Rate income and locally raised Council Tax income. Taking the budgeted annual cost of providing GF services per Band Dwelling of £1,384.57, the chart below illustrates as a proportion how the different sources of Core Funding contributes towards this:



Schedule 8 Housing Revenue Account – Revenue Budget

Housing Revenue Account Budget	2018/19	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20
	Budget	Inflation	One off Adj.	Net nil Changes	Savings	Growth	Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rent income - dwellings	(74,464)	0	736	0	0	0	(73,728)
Rent income - sheds & garages	(1,249)	0	0	0	0	0	(1,249)
Service Charges-Tenants	(3,046)	0	0	0	0	0	(3,046)
Service Charges-Lessee	(11,625)	0	(500)	0	0	0	(12,125)
Heating & Hot Water	(1,740)	0	0	0	0	0	(1,740)
Pimlico District Heating (Income)	(3,490)	0	0	0	0	0	(3,490)
Corporate Property Income(Net)	(7,900)	0	0	0	0	0	(7,900)
Major works lessees income	(8,196)	0	(3,078)	(2,000)	0	0	(13,274)
Miscellaneous Income	(2,599)	0	0	0	0	0	(2,599)
Interest on balances	(325)	0	172	0	0	0	(153)
Sub-Total Income	(114,634)	0	(2,670)	(2,000)	0	0	(119,304)
Housing Management Fees	25,087	246	(817)	0	(450)	2,000	26,066
Business Transformation	500	0	(500)	0	0	0	0
TMO fees & allowances	1,473	0	0	0	0	0	1,473
Legal costs	1,139	0	0	0	0	0	1,139
Other management costs	1,913	0	0	1,090	0	0	3,003
IT Services	1,693	0	0	0	0	0	1,693
Heating & Hot Water(Expenditure)	1,740	0	0	0	0	0	1,740
Pimlico District Heating (Expenditure)	2,761	0	0	0	0	0	2,761
Other Special Services	4,822	0	0	0	0	0	4,822
Planned maintenance	4,318	0	0	0	0	0	4,318
Responsive repairs	12,982	0	(333)	910	(500)	0	13,059
Void Repairs	1,000	0	0	0	0	0	1,000
Corporate Property Repairs	2,833	0	0	0	0	0	2,833
Central Support Service Overheads	6,617	0	0	0	0	0	6,617
Housing Services Recharge	1,237	0	0	0	0	0	1,237
Warden Services Recharge	1,053	0	0	0	0	0	1,053
Central Contingency	1,302	0	(173)	0	0	0	1,129
Regeneration Revenue costs	0	0	400	0	0	0	400
Capital financing costs	11,337	0	0	0	0	0	11,337
Depreciation, Deferred Charges & Impairment	23,330	0	0	0	0	0	23,330
Provision for bad debts	500	0	0	0	0	0	500
Sub-Total Expenditure	107,637	246	(1,423)	2,000	(950)	2,000	109,510
Net Budget	(6,996)	246	(4,093)	0	(950)	2,000	(9,793)

Annex A

Budget and Performance Task Group – Summary Report and Minutes on 2019/20 Budget Scrutiny

1. Executive Summary - The Scrutiny Process

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

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

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

The Task Group examined five key themes:

- the potential impact of savings proposals on affected groups
- whether or not the budget proposals would affect the Council’s ability to fulfil its legal obligations
- the need to identify and address potential optimism bias (over-confidence about the ability to secure third party income)
- the need to examine the Capital Programme as closely as the revenue budget
- the potential impact of any external factors.

The minutes of the Task Group’s meetings are attached to this summary.

The Task Group would like to offer enormous thanks to the officers of all directorates for the rigour and commitment that went into preparing papers and Equality Impact Assessments for the Task Group’s meetings, answering members’ questions and following up on requests.

2. Overall Budget

The overall 2019/20 draft budget appears robust, and officers provided assurances on a number of points raised by members across all Directorates, including in relation to managing changing service demand priorities, and around the deliverability of a number of projects.

3. Risks

Despite the overall confidence in the draft budget there are a number of risks which the task group wishes to highlight. The savings proposals for the 2019/20 were all subject to a robust Equality Impact Assessment (EIA) process. However, a number of proposals are still in development with the need for a full EIA, or the precise impacts yet to be determined. It is important that EIAs for such proposals continue to be kept under review and completed outside of the annual scrutiny cycle in line with the same robust process.

Over time, the Council has increasingly been delivering services jointly with other organisations. This delivers benefits such as integrating health and social care or reducing duplicated effort across the public sector, however there are also risks. Other bodies such as the NHS and the Metropolitan Police face similar funding pressures as local authorities and Westminster should be sure to understand the possible impacts of these pressures on the provision and funding of council services and on our residents. This may be an issue the relevant Policy and Scrutiny Committees may wish to consider.

4. General Observations

Westminster City Council has a large and ambitious capital programme that is vital to delivering some of the council's key priorities. The relevant Policy and Scrutiny Committee should review the delivery of the capital programme.

The council should investigate ways that a new Facilities Management contract could involve Small and Medium Enterprises.

Savings proposals should be communicated using clear language to ensure the effects that they will have on services users can be clearly understood. This was not always the case with some of the language used in Task Group's papers.

5. Positive Observations

The Task Group found clear examples of proposals avoiding optimism bias including a cautious approach to forecasting income for City Promotions, Events and Filming and advertising on waste vehicles, along with a review of the capital programme to ensure that projects are phased using latest understanding.



CITY OF WESTMINSTER

MINUTES

Budget Task Group

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget Task Group** held on **29th January 2019**,

Members Present: Cllr Melvyn Caplan (Chair), Cllr David Boothroyd, Cllr Tony Devenish, Cllr Jonathan Glanz, Cllr Adam Hug and Cllr Eoghain Murphy

Also Present: Stuart Love (Chief Executive), Steve Muldoon (Assistant City Treasurer), Barbara Brownlee (Executive Director of Growth, Planning and Housing), Bernie Flaherty (Bi-Borough Executive Director of Adult Social Care), Melissa Caslake (Bi-Borough Executive Director of Children's Services) and Andrew Tagg (Head of Operations and Programmes).

1. Welcome and Apologies

1.1 The chair welcomed those present.

2. Declarations of Interest

2.1 There were no declarations of interest.

3. 2019/20 Budget Overview

3.1 Steve Muldoon presented the updated overview for the 2019/20 budget. The Council was required to make £85million in savings over a four-year period.

3.2 In response to questions the task group was told that, given the option, the council would accept a long-term funding settlement again as it gave a level of certainty, even if it could lead to being required to make more savings. Despite a four-year

settlement having been in place, there were still some changes to the Council's funding year on year. The Council is expecting the 2020/21 funding settlement to be announced in early 2020, which would present a challenge for the budget setting process for 2020/21.

- 3.3 The task group were advised of a number of additional cost pressures that had emerged since their last meeting. However, the task group were advised that at this time, there were no further budget proposals being proposed.

4. Children's Services 2019/20 Budget

- 4.1 Melissa Caslake presented the update to the Children's Service budget. The Council had approved £1.438m growth in the Children's Service budget in November 2018 to address demand led cost pressures. £904,000 of the social care support grant recently announced had also been allocated to Children's Services to deal with further budget pressures emerging. This was approximately 40% of the grant allocated to Westminster.
- 4.2 The number of unaccompanied asylum seeking (UASC) children in Westminster had reached 78 for 2018/19. The costs of UASC were estimates based on historic data. In response to questions, the task group was told that the pan-London rota was a voluntary scheme for sharing UASC across London. Other London boroughs have previously placed UASC that had presented in Westminster as they had not reached their quota. However, the majority of authorities across London had now reached their quota so were no longer willing to take children from Westminster.
- 4.3 The national UASC transfer scheme is also voluntary and many local authorities have withdrawn from it because of the financial burden it places on them. Melissa Caslake and colleagues from across London were due to meet with the Home Office in March 2019 to discuss the need for a new national transfer scheme.
- 4.4 The task group was told that Central London Clinical Commissioning Group (CLCCG) had served notice on the joint contractual arrangements for the speech and language therapy service. The council would in future be funding more of the statutory provision for those who had speech and language therapy named as part of their Education and Health Care Plan. The service is provided by Central London Community Healthcare NHS Trust. Front line service users should not see a change in the service they receive.
- 4.5 The task group discussed demographic changes which meant that there were fewer children attending Westminster's primary schools. The members were told that, although this would affect the smaller schools in Westminster, the numbers were not large enough to have an effect on wider Children's Services.

5. Adult Social Care 2019/20 Budget

- 5.1 Bernie Flaherty presented the updated Adult Social Care budget. The Central London Clinical Commissioning Group (CLCCG) and West London Clinical Commissioning Group (WLCCG) were facing financial pressures, partly as a result of being historically well funded and that being brought in to line with other clinical commissioning groups. Both CCGs had indicated that they intended to reduce their contribution to the Better Care Fund (BCF), although had not indicated what the level of reduction would be. It was highlighted that there would be in-year funding reductions.
- 5.2 The council works closely with both CCGs at operational and strategic levels, however some more recent decisions had given limited notice of their funding intentions. The BCF guidance states that CCG's along with the LA can consider reducing BCF to minimum.
- 5.3 The task group was told that as well as the financial risk of the CCGs withdrawing funding, the council could face a significant reputational risk as it was the commissioner of all the joint services across adult social care and health services.
- 5.4 Stuart Love told the task group that adult social care was the biggest risk area because it was one of the largest parts of the council's budget, had the highest level of uncertainty around funding and provided services to the council's most vulnerable residents.

6. Capital Programme 2019/20 – General Fund

- 6.1 Barbara Brownlee and Steve Muldoon presented the changes to the general fund capital programme 2019/20. The net position following the changes was a £21.038m reduction.
- 6.2 The task group was told the the movements in the general fund capital programme were due to programmes being moved under a single team, establishing a programme management office and removing optimism bias, which was a key issue for senior officers.
- 6.3 Since November 2018, more detailed work had been done that refined the assumptions resulting in both cost and income forecasts rising. The changes were predominantly due to reprofiling spend, not slippage in delivery.
- 6.4 The Church Street acquisition programme had been moved to the general fund so that empty properties could be used for temporary accommodation during the regeneration programme. When the properties moved back to the HRA they would transfer at market value. £36m had been removed from the GPH capital

budget as it related to a school project which was now reflected in the Children's capital budget.

- 6.5 The task group discussed resources for delivering the capital programme and was told that resources are more resilient than ever before despite the fact that development skills remain scarce across London as all authorities were looking for good quality officers to deliver capital projects.

7. Capital Programme 2019/20 - Housing Revenue Account

- 7.1 Barbara Brownlee presented the changes to the Housing Revenue Account (HRA) capital programme 2019/20. The budget presented in September 2018 was a draft that had to be reviewed following the decision to bring CityWest Homes in house, the Government decision to remove the HRA borrowing cap for Councils and decisions that had to be taken regarding the Ebury Bridge regeneration scheme.
- 7.2 The task group was told that, following lessons learned during the Luton Street regeneration, the council had decided to deliver the first phase of Ebury Bridge itself.
- 7.3 Following the removal of the HRA borrowing cap, the level of borrowing would now be governed by prudential borrowing rules. The HRA would only be able to borrow an amount that it could repay. HRA could only be used to build council housing which would affect how much could be borrowed as council rents had been reduced by 1% a year since 2016.
- 7.4 The council had mitigation plans in place if the market affected the value of properties built, mainly by holding on to the properties and renting them until a better sale price could be achieved. All schemes had provisions for the council to be compensated for delays caused by developers.

8. MEETING CLOSE

- 8.1 The Meeting ended at 7:30pm

Budget Task Group

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget Task Group** held on **Monday 24th September 2018**, in room 3.4, 5 Strand.

Members Present: Cllr Melvyn Caplan (Chair), Cllr David Boothroyd, Cllr Lorraine Dean, Cllr Adam Hug, Cllr Eoghain Murphy

Also Present: Stuart Love (Chief Executive), Steve Mair (City Treasurer), Steve Muldoon (Assistant City Treasurer), Barbara Brownlee (Executive Director of Growth, Planning and Housing), Richard Barker (Executive Director of City Management and Communities), Kevin Goad (Director of City Highways), Catherine Murphy (Strategic Finance Manager), Ian Heggs (Bi-Borough Director of Education), Anita Stokes (Strategic Finance Manager) Chris Greenway (Bi-Borough Director of Integrated Commissioning), Ben Goward (Chief Information Officer and Patrick Montgomery (Head of Workplace Technology)

1. Welcome and Apologies

1.1 The Chair welcomed those present.

2. Declarations of Interest

2.1 There were no declarations of interest.

3. Capital Budget Overview

- 3.1 Steve Mair presented the capital budget overview. In response to members' questions, the task group was told:
- There is a 6 year window for the flexible use of capital receipts
 - When making property investments the council focuses on the potential return. Potential returns are benchmarked against the return the council could generate by contributing to the pension fund deficit (5.1%). Investments that do not reach that benchmark would still be considered if they demonstrate other strategic benefits
 - Colleagues from services are invited to suggest ideas for the flexible use of capital receipts, however any suggestions have to be transformational and generate savings.

- The council does not need to get MHCLG permission for the flexible use of capital receipts, but it must have a strategy in place and this must be approved by full council. The council discusses each proposed initiative with its auditors.
- The additional funding from flexible use of capital receipts for the City Hall refurbishment project is due to refined estimates of rental costs for decant accommodation during the project. The programme as a whole is forecast to be under its capital budget.
- Most capital schemes have approximately 20% contingency. Each scheme has a different contingency, as it is risk based and evaluated at different points during a scheme as the risk changes. The City Treasurer's department works with colleagues in services to understand the commercial challenges involved in capital schemes.

4. Growth, Planning and Housing 2019/20 Capital Budget

- 4.1 Barbara Brownlee presented the Growth, Planning and Housing (GPH) Capital Budget. In response to members' questions, the Task Group was told that:
- The Council has an ambitious housebuilding plan. Other key schemes include major office moves and Oxford Street District.
 - Staffing of the GPH capital programme is always under review and ensuring the correct levels was a key council focus. A programme management office has been established which will be responsible for monitoring all capital schemes. The ambition is for this office to be able give one council wide view of the performance of all capital programmes.
 - The £71.9m for property acquisitions will only be used if the right properties become available. No revenue income assumptions have been made against this budget so there is no risk to achieving the revenue budget should no acquisitions be made.
 - The council has a cash flow model that it uses to inform decisions around borrowing for programmes. Different scenarios for forward borrowing are being investigated.
 - The governance involved in making sure issues with the capital programme are raised include the Capital Review Group being chaired by the Cabinet Member for Finance, Property and Regeneration, the Executive Leadership Team giving more attention to the capital programme and the establishment of the Programme Management Office.
 - Two of the main challenges for GPH will be Lisson Grove, which is a challenging programme, and Oxford Street, which will be high profile.
 - The net expenditure for Huguenot House includes income from sales of completed units.
 - Large landowners have expressed an interest in contributing to the redevelopment of Oxford Street, but the Council needs to understand what their expectations might be.
 - The council normally borrows from the Public Works Loans Board. The rates are based on the national landscape, meaning that the reputation of the local

government sector and the challenges being faced by some authorities should not affect Westminster's ability to borrow or the rates available.

- The business plan for the council's housing subsidiary company would become clearer in March 2019. The council was investigating model schemes. The model of the housing subsidiary would not be based on anything done by another authority as each authority had different reasons for establishing such companies.

5. Housing Revenue Account 2019/20 Capital Budget

5.1 Barbara Brownlee presented the Housing Revenue Account (HRA) capital budget. In response to members' questions, the task group was told:

- The housebuilding programme had brought forward the year at which the HRA would reach its borrowing cap.
- The HRA programme is dependent upon income. The risks associated with this were constantly being monitored and mitigation put in place.
- The council had modelled what the HRA borrowing cap would need to be for the council to deliver all of its known ambitions, which exceeded the current financial capacity of the HRA.
- The capital expenditure labelled 'other' was the infill programme that made use of underutilised council land for housing.

6. City Management and Communities 2019/20 Capital Budget

6.1 Richard Barker presented the City Management and Communities (CMC) capital budget. In response to members' questions, the task group was told:

- The ultra-low emission zone regulations would be a challenge when replacing the waste collection fleet. In the short term, the existing fleet was being retrofitted with equipment to control emissions whilst the council waited for the market in greener waste vehicles to mature.
- The council was considering its options with regards to buying waste collection vehicles outright as a capital spend or including in the contract price as part of the revenue budget.
- The highways capital programme was rigorously monitored. Other CMC projects such as public realm improvement were more challenging to spend in line with budget due to third party dependencies.
- The Community Infrastructure Levy was a small part of the funding for public realm improvement schemes. Most of the funding was from external sources.

7. Children's Services 2019/20 Capital Budget

- 7.1 Ian Heggs presented the Children's Services capital budget. In response to members' questions, the task group was told:
- The schools expansion programme was funded from basic need funding from central government, s106 funding and funding that academies had secured from local government.

8. Adult Social Care 2019/20 Capital Budget

- 8.1 Chris Greenway presented the Adult Social Care (ASC) capital budget. In response to members' questions, the task group was told:
- Key capital projects for Adult Social Care were being delivered in GPH (such as Beachcroft). ASC was part of the project board for each scheme and there was a project manager.
 - ASC was undertaking strategic reviews of mental health, disability and older people's services. These reviews would identify future capital expenditure requirements.
 - Capital schemes in ASC were funded by the community capacity grant.

9 Corporate Services 2019/20 Capital Budget

- 9.1 Ben Goward presented the Corporate Services capital budget. In response to members' questions, the task group was told:
- Savings would be achieved by re-procuring telephony and data networking contracts.
 - Windows 10 was being implemented because support for Windows 7 was ending.
 - The Council had set a target for replacing hardware in time for staff returning to the refurbished City Hall.
 - Hardware was bought in US dollars and was therefore susceptible to exchange rate fluctuations. Economies were being achieved by purchasing hardware with the Royal Borough of Kensington and Chelsea.
 - The capital planning cycle for IT hardware was moving from replacing hardware every 5 years to every 3 years.
 - Open source software was used where possible (e.g. the website) but quality open source products were often not available.
 - Applications that the council uses are increasingly cloud based and therefore not capital expenditure.

10. City Treasurer's 2019/20 Capital Budget

- 10.1 Steve Muldoon presented the City Treasurer's capital budget. In response to members' questions, the task group was told:

- The budget was purely comprised of contingency held centrally on behalf of the council.
- Central held contingency includes an element of contingency budget taken from each scheme. Services have to bid for access to these contingencies.

11. MEETING CLOSE

11.1 The Meeting ended at 19:30

Budget Task Group

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget Task Group** held on **26th September 2018**, in Room 3.6/7, 5 Strand.

Members Present: Cllr Melvyn Caplan (Chair), Cllr David Boothroyd, Cllr Lorraine Dean, Cllr Tony Devenish, Cllr Adam Hug, Cllr Eoghain Murphy

Also Present: Stuart Love (Chief Executive), Steve Mair (City Treasurer), Steve Muldoon (Assistant City Treasurer), Barbara Brownlee (Executive Director of Growth, Planning and Housing), Daniel Peattie (Strategic Finance Manager) Bernie Flaherty (Bi-Borough Executive Director of Adult Social Care), Chris Greenway (Bi-Borough Director of Integrated Commissioning), Gary Hamilton (Adult Social Care), Richard Simpson (Public Health Finance Manager), Melissa Caslake (Bi-Borough Executive Director of Children's Services), Andrew Tagg (Head of Operations and Programmes) and Ashley Hughes (Strategic Finance Manager).

1. Welcome and Apologies

1.1 The chair welcomed those present.

2. Declarations of Interest

2.1 There were no declarations of interest.

3. 2019/20 Budget Overview

3.1 Steve Mair introduced the 2019/20 budget overview. In response to members' questions, the task group was told:

- Net savings of £26.3m have been established in order to meet the challenge of reducing government funding, service pressure, inflation, capital financing and other financial risks. There may be further small adjustments to the budget in early 2019 following the local government funding settlement and announcements on other grants and funding.
- The council increases the assumed impact of the capital plan on the revenue budget by circa £3million per year. Forward borrowing is being investigated to mitigate the potential impact of future interest rate rises.
- The 2019/20 budget proposals were rigorous and Mr Mair was confident the budget would balance.

- The Government's fair funding review will examine the factors taken into account when setting the local government finance settlement. London Boroughs were expected to lose out from the review.
- Equality Impact Assessments (EIA) are reviewed by the Policy and Strategy team and external counsel is consulted.

4. Adult Social Care 2019/20 Budget

- 4.1 Bernie Flaherty presented the Adult Social Care (ASC) budget. In response to members' questions, the task group was told:
- Work force costs include retraining staff to deal with changing service users' needs.
 - There is a weak care market in Westminster. It is at an appropriate level, but for better services and efficiencies, the market needs to be vibrant. This is the most challenging area for ASC. The proposed savings are based on work that was done in 2018/19. These savings are not expected to lead to a reduction in wages.
 - The council is working to build the local care market by reducing the barriers to entry for some providers.
 - Westminster has a quality assurance team that works with providers to make sure they are not rated as 'inadequate' or 'requires improvement'. This work ensures good services for users and leads to efficiencies.
 - The review of contracts proposal will be revisited once more detail is known, to reassess if a detailed EIA is required.
 - The only capital expenditure related to promoting independence is for specialist equipment. This may change in the future.
 - The Council is working with Clinical Commissioning Group colleagues to build services together (e.g. commission care beds together).
 - The Council believes that ASC needs a different system to be sustainable. That system should utilise technology as much as possible.
 - 6,298 people use ASC services in Westminster. This number has raised slightly in recent years, however the serious issue is the increases in the complexity of needs.
 - Social prescribing and independent living will help people live independent lives and reduce the demand for services.
 - The West London Alliance (WLA) has agreed with providers across the seven boroughs to standardise costs. The WLA has identified that Westminster on occasion has paid more than neighbouring authorities.
 - New systems and procedures across the bi-borough services have helped to deliver efficiencies that were not possible in a tri-borough service. Part of this is because of work done to ensure eligibility criteria are applied properly.

5. Public Health 2019/20 Budget

- 5.1 Bernie Flaherty presented the Public Health budget. In response to members' questions, the task group was told:
- Officers robustly scrutinise public health spend to make sure that it is focused on achieving public health outcomes.
 - Work has already begun on delivering the 2019/20 savings.
 - The council still has a number of contracts that have been inherited from the NHS when Public Health responsibility was transferred to local authorities. Officers are reviewing the services offered to make sure that new contracts are place based. £4.5million has been saved by recommissioning NHS contracts that have ended.
 - There are still some high salaries that have been inherited from the NHS. However, even if vacant, these are specialised positions recruitment to which is difficult.

6. Children's Services 2019/20 Budget

- 6.1 Melissa Caslake presented the Children's Services budget. In response to members' questions, the task group was told:
- There are approximately 45,000 children in Westminster. Approximately 1,000 have an Education, Health and Care Plan (EHCP), 4,000 have additional needs and 2,000 have some form of early help in place.
 - There are 57 unaccompanied asylum-seeking children in Westminster. The threshold the Home Office had set for Westminster is 28. The Home Office is reviewing the funding for unaccompanied asylum-seeking children which is underfunded.
 - The NHS is redefining its responsibilities concerning young people with an EHCP. This will put additional pressure on council services.
 - The proposal 'collaborative commissioning' has been reviewed and it is believed that the saving could be achieved with the deletion of a long-term vacant post and achieving efficiencies in a particular contract. This proposal would no longer need a full EIA.
 - Work is being undertaken to understand what the future of children's services traded services looked like. Attention is being paid to areas where there is no demand and therefore no need for the council to provide the service but also to making sure this does not lead to additional demand elsewhere.
 - Schools' payroll has been moved to external providers.
 - The council is working with schools to address problems with declining pupil numbers. Westminster has a high number of small schools. Small schools are more susceptible to issues caused by declining pupil numbers.
 - The review of grant utilisation would not result in a reduction in service. Most of the grant is from public health.

7. Growth, Planning and Housing 2019/20 Budget

- 7.1 Barbara Brownlee presented the Growth, Planning and Housing Budget. In response to members' questions, the task group was told:
- The CityWest Homes proposed saving relates to a review of their IT provision which identified efficiencies.
 - The uplift in Facilities Management costs following the end of the Amey contract is in line with current market forces. Officers are in the process of reviewing the contract specifications to ensure the contract only includes services the council requires.
 - The number of people presenting as statutory homeless is rising. The Council has mitigating measures in place.
 - The increase in income from completing rent reviews has been rising steadily.
 - The introduction of the Homelessness Reduction Act has increased costs because the council has additional duties. The duties have been funded.

8 Housing Revenue Account 2019/20 Budget

- 8.1 Barbara Brownlee presented the Housing Revenue Account budget. In response to members' questions, the task group was told:
- There is no impact modelled in the budget as a consequence of the review into CityWest Homes
 - There is an allowance of £500k for bad debt in the dwelling rent income forecast.

9. MEETING CLOSE

- 9.1 The Meeting ended at 8:22pm

Budget Task Group

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Budget Task Group** held on **4th October 2018**, in room 3.8, 5 Strand.

Members Present: Cllr Melvyn Caplan (Chair), Cllr David Boothroyd, Cllr Lorraine Dean, Cllr Tony Devenish, Cllr Adam Hug and Cllr Eoghain Murphy

Also Present: Steve Mair (City Treasurer), Steve Muldoon (Assistant City Treasurer), Julia Corkey (Director of Policy, Performance and Communications), Ezra Wallace (Head of Corporate Strategy), Richard Barker (Executive Director of City Management and Communities), Catherine Murphy (Strategic Finance Manager), Martin Hinckley (Assistant City Treasurer) and Jake Bacchus (Strategic Finance Manager)

1 Welcome and Apologies

1.1 The Chairman welcomed those present.

2 Declarations of Interest

2.1 There were no declarations of interest.

3 City Management and Communities 2019/20 Budget

3.1 Richard Barker presented the City Management and Communities (CMC) budget. In response to members' questions, the task group was told:

- CMC is currently projecting an underspend of £250,000 for 2018/19. This is largely a result of commercial waste income performing ahead of budget.
- The procurement strategy for the waste collection fleet has not been finalised which is why it is included in both the proposed and capital revenue budgets (from 2020/21) although it is likely to be a capital spend.
- One of the reasons for the proposed extension of the waste collection and street cleansing contract is that the council wants to resolve the issue of the waste fleet before re-procuring the contract.
- The cost of street cleansing as a result of the opening of the Elizabeth line is forecast to increase further in 2020/21. The costs will be reviewed as the date the line opens becomes clearer.
- Phase three of the integrated neighbourhoods service largely focuses on back office support services. The Service Improvement teams in CMC and GPH will be merged and the current underspend on staff costs in these two teams will be removed as a saving.

- £450,000 of the integrated neighbourhoods service savings are as a result of integrating public health grant for CMC services that deliver public health outcomes.
- Based on the experience of other authorities the projections for income from advertising on waste vehicles is prudent.
- Officers examine wider economic indicators to forecast income from parking bay suspensions.
- The council's parking strategy encourages responsible parking over income from penalty charge notices.
- Developments such as electric vehicles, the ultra low emission zone and promotion of active transport could pose a challenge for parking income. Work is being undertaken to try and identify what these developments might mean.
- New parking permit contracts have previously had issues when being introduced because of a new permit registration system implementation each time. The function was being integrated with the digital strategy and a council owned solution will be developed for future continuity so this is not expected to be an issue in the future.
- Westminster City Council has approximately 51% market share of the commercial waste market. There is a growing appetite for commercial recycling services and this area of the service is being developed.
- CMC will become a net income generator for the council and future savings will be achieved primarily through driving additional income.
- The parking service is delivered through multiple contracts. It has previously been delivered through a single contract; however, it is believed the current model works best. This will be reviewed through the re-procurement process.
- The in-house sports and leisure function will focus on developing the offer and a fully commissioned service will be delivered through sports clubs and commissioned partners.

4 Policy, Performance and Communications 2019/20 Budget

- 4.1 Julia Corkey presented the Policy, Performance and Communications (PPC) budget. In response to members' questions, the task group was told:
- PPC is due to fall short against its income target due to market pressures. There has been a decrease in the number of film premieres which has affected income, this is due to cinemas in Leicester Square being redeveloped, other areas attracting film premieres and a general trend of fewer films having high profile premieres. The council is not forecasting an increase in income once the cinemas reopen.
 - There are fewer events being held in the city as the council balances income and other benefits with resident amenity.
 - The £222,000 saving from a review of staffing is the equivalent of approximately five posts. The saving includes £50,000 from the Lord Mayor's Office.

- The council is appealing an increase in business rates for the Piccadilly Underpass advertising site.

5 Corporate Services 2019/20 Budget

5.1 Steve Mair presented the Corporate Services budget. In response to members' questions, the task group was told:

- The council is expecting teething issues with the introduction of SAP as with any new IT solution but these will be manageable. SAP is being introduced on 1st December as the only other available date would be 1st January which is impractical as it would require working over Christmas.
- Payment and income modules of the SAP system have been tested and the Income Management module is already in place. The payroll module is in the final stage of testing.
- Legal services income has been affected by a fall s106 cases due to the introduction of the Community Infrastructure Levy (CIL). A modest increase in fees for the service is being considered.
- Bring your own device is already in place in the council but will be promoted more widely in 2019/20.

6 City Treasurer 2019/20 Budget

6.1 Steve Mair presented the City Treasurer budget. In response to members' questions, the task group was told:

- No net benefit from the Greater London business rates pool has been included in the budget for 2019/20.
- Treasury management income increases in step with interest rate increases. Income from treasury management will fall as the capital programme starts to be delivered, as there will be less cash available.
- The Council has undertaken substantial due diligence on the proposed new supplier of the revenue and benefits contract, including liaison with central government and commissioning external independent advice from one of the major audit firms, which included an in-depth review of the bidder's accounts. Whilst there is considered to be no short / medium term risk of financial issues affecting the bidder, the Council is undertaking mitigation actions on a similar basis to those undertaken by central government. This will include actions to mitigate any future loss of Council data.
- No decision has been made on continuing the community contribution in 2019/20. It is not included in the council's budget as the income goes to the City of Westminster Charitable Trust.
- The Council is investigating forward borrowing to secure current low interest rates for future borrowing.

7 MEETING CLOSE

7.1 The Meeting ended at 8:08

Equalities Impact Assessments

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 2019/20 budget, for either the initial assessment only if no equalities impact was determined, or a full EIA if an impact was detected. This Annex sets out all of the completed returns. A series of additional annexes covering each of the portfolio areas have been produced and saved on the Westminster City Council external website, as follows:

- Annex B Part A
 - Finance, Property and Regeneration
 - Family Services and Public Health
- Annex B Part B
 - Housing and Customer Services
 - Public Protection and Licensing
 - Environment and City Management
 - Deputy Leader, Economic Development, Education and Community

Additionally, a lever arch file containing the EIAs for all savings proposals was held by the Member Services team at 5 The Strand and was available for Councillors to review between 9am and 5pm, Monday to Friday, up until the date of the full Council meeting on the 7th November 2018.

Members are requested to ask anyone from the team for access to the file if they wish to see them. In order for all Members to have access to these, the file cannot be taken out of the building. All assessments were also made available at the Budget and Performance Task Group meetings held on the 24th, 26th September and 4th October 2018 and are available on the Council's committees website alongside the agenda and papers for this meeting.

A summary of all the assessments is presented below:

EIA Reference Number	EIA Description	Executive Director	Full EIA or Screening Only	Annex B Breakdown	Page Number
Leader of the Council (Councillor Aiken)					
1.68	Review of Staffing within PPC	Policy, Performance & Communications (Julia Corkey)	Screening	Part A	60
1.69	Review of Corporate Services, pay and non pay budgets	Corporate Services (John Quinn)	Screening	Part A	68
Finance, Property and Regeneration (Councillor Robathan)					
1.18	Increase in Council Tax Base	City Treasurer's (Steve Mair)	Screening	Part A	1
1.20	Revenue & Benefits – contract re-procurement	City Treasurer's (Steve Mair)	Screening	Part A	9
1.25	Corporate Property Strategy	Growth, Planning & Housing (Barbara Brownlee)	Screening	Part A	18
1.40	Property Rationalisation and Asset Management	Growth, Planning & Housing (Barbara Brownlee)	Screening	Part A	27
1.52	Treasury Management and review of non-pay budgets	City Treasurer's (Steve Mair)	Screening	Part A	38
1.62	Business Rates	City Treasurer's (Steve Mair)	Screening	Part A	44
1.67	Capital Programme slippage impact	City Treasurer's (Steve Mair)	Screening	Part A	52
1.69	Review of Corporate Services, pay and non pay budgets	Corporate Services (John Quinn)	Screening	Part A	68
Family Services and Public Health (Councillor Acton)					
3.20	Review of contracts	Adult Services (Bernie Flaherty)	Full EIA	Part A	76
3.21	Promoting independence	Adult Services (Bernie Flaherty)	Screening	Part A	88
3.26	Bi-Borough Process and Policy Review	Adult Services (Bernie Flaherty)	Screening	Part A	88
3.30	Improved market management	Adult Services (Bernie Flaherty)	Screening	Part A	99
3.35	Adult Social Care Levy (Precept)	Adult Services (Bernie Flaherty)	Screening	Part A	110
3.38	Use of IBCF Grant to fund placements budget	Adult Services (Bernie Flaherty)	Screening	Part A	110
3.39	Public Health budget changes	Adult Services (Bernie Flaherty)	Screening	Part A	121
8.22	Children's – Grant Utilisation	Children's Services (Melissa Caslake)	Screening	Part A	129
8.23	Children's - Collaborative Commissioning	Children's Services (Melissa Caslake)	Full EIA	Part A	138
8.24	Children's - Lean Operations Review	Children's Services (Melissa Caslake)	Screening	Part A	148
Housing and Customer Services (Councillor Smith)					
1.69	Review of Corporate Services, pay and non pay budgets	Corporate Services (John Quinn)	Screening	Part A	68
4.18	Housing General Fund	Growth, Planning & Housing (Barbara Brownlee)	Screening	Part B	157
4.19	GPH 5% Vacancy Factor	Growth, Planning & Housing (Barbara Brownlee)	Screening	Part A	169
4.20	CityWest Homes efficiency savings	Growth, Planning & Housing (Barbara Brownlee)	Screening	Part B	177
Public Protection and Licensing (Councillor Adams)					
1.3 (ii)	Digital saving - validation hub	City Management & Communities (Richard Barker)	Screening	Part B	185
6.09	Regulatory support services & pre-application advice	City Management & Communities (Richard Barker)	Screening	Part B	194
6.13	PPL Fee review and additional income	City Management & Communities (Richard Barker)	Full EIA	Part B	203
Environment and City Management (Councillor Mitchell)					
1.3 (i)	Digital saving - Parking Permits	City Management & Communities (Richard Barker)	Screening	Part B	212
5.16	Westminster Car Club (Parking)	City Management & Communities (Richard Barker)	Screening	Part B	226
6.11	Integrated neighbourhoods services - Phase 3	City Management & Communities (Richard Barker)	Screening	Part B	235
7.20	Waste contract savings	City Management & Communities (Richard Barker)	Screening	Part B	244
7.22	Advertising on waste collection vehicles	City Management & Communities (Richard Barker)	Screening	Part B	252
7.24	Commercial Waste Income	City Management & Communities (Richard Barker)	Screening	Part B	260
7.26	Parking Debt Recovery	City Management & Communities (Richard Barker)	Screening	Part B	268
7.27	Road Management: Reclassification of Roads	City Management & Communities (Richard Barker)	Screening	Part B	279
Deputy Leader, Economic Development, Education and Community (Councillor Harvey)					
2.09	Libraries: commercial and business opportunities	City Management & Communities (Richard Barker)	Screening	Part B	287
2.10	Community Services: controllable spend review	City Management & Communities (Richard Barker)	Screening	Part B	297
6.11	Integrated neighbourhoods services - Phase 3	City Management & Communities (Richard Barker)	Screening	Part B	306
7.12	Sports and leisure savings Phase 2	City Management & Communities (Richard Barker)	Screening	Part B	315
7.19	Libraries further service transformations	City Management & Communities (Richard Barker)	Full EIA	Part B	324

Council Tax Resolution

That the Council be recommended to resolve as follows:

1. It should be noted that on the 23rd of January 2019, the Council calculated the Council Tax Base for 2019/20:
 - a) For the whole Council area as **130,319.70** [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 **97.61**
 - c) For dwellings in the Queen’s Park Community Council area as **3,496.10**
2. Calculate that the Council Tax Requirement for the Council’s own purposes for 2019/20 (excluding Special Expenses) is **£56,472,739**
3. That the following amounts be calculated for the year 2019/20 in accordance with Sections 31 to 36 of the Act:
 - a) **882,387,388.82** 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) **825,866,701.83** being the aggregate amounts which the Council estimates for items set out in Section 31A(3) of the Act.
 - c) **£56,520,686.99** being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax Requirement for the year (Item R in the formula in Section 31B of the Act).
 - d) **£433.71** being the amount at 3(c) above (Item R) all divided by Item T (1(a) above), calculated by the Council in accordance with Section 31B of the Act, as the Basic Amount of its Council Tax for the year (including Special Amounts)
 - e) **£47,948** being the amount of the Montpelier Square Garden Committee special item referred to in Section 34(1) of the Act.

f) **£433.34** being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of the Council Tax for the year for those dwellings in those parts of the area to which no special item relates.

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

Ratio	Band	Greater London Authority (£)
6	A	213.67
7	B	249.29
8	C	284.90
9	D	320.51
11	E	391.73
13	F	462.96
15	G	534.18
18	H	641.02

5. 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 Parish Council Precept (£)
6	A	30.92
7	B	36.07
8	C	41.23
9	D	46.38
11	E	56.69
13	F	66.99
15	G	77.30
18	H	92.76

6. 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 (£)
6	A	327.48
7	B	382.06
8	C	436.64
9	D	491.22
11	E	600.38
13	F	709.54
15	G	818.70
18	H	982.44

7. 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 2019/20 for each part of its area and for each category of dwellings:

Westminster Council Requirement, Special Expenses and Local Precept

Ratio	Band	Queen's Park Parish Council Precept (£)	Montpelier Square Garden Committee (£)	All Other Parts of Westminster City Council (£)
6	A	319.81	616.37	288.89
7	B	373.11	719.10	337.04
8	C	426.42	821.83	385.19
9	D	479.72	924.56	433.34
11	E	586.33	1,130.02	529.64
13	F	692.93	1,335.48	625.94
15	G	799.53	1,540.93	722.23
18	H	959.44	1,849.12	866.68

Westminster Council Requirement, Special Expenses and All Precepts

Ratio	Band	Queen's Park Parish Council Precept (£)	Montpelier Square Garden Committee (£)	All Other Parts of Westminster City Council (£)
6	A	533.48	830.04	502.56
7	B	622.40	968.39	586.33
8	C	711.32	1,106.73	670.09
9	D	800.23	1,245.07	753.85
11	E	978.06	1,521.75	921.37
13	F	1,155.89	1,798.44	1,088.90
15	G	1,333.71	2,075.11	1,256.41
18	H	1,600.46	2,490.14	1,507.70

8. That the Section 151 Officer be authorised to collect (and disperse from the relevant accounts) the Council Tax and the National Non-Domestic Rate and that whenever the office of the Section 151 Officer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised post-holder be authorised to act as before said in his stead.
9. That notice of amounts of Council Tax be published.
10. That the Council does not adopt a special instalment scheme for Council tenants.
11. That the Council offers as standard the following patterns for Council Tax and National Non-Domestic Rate: payment by 1, 2, 4, 10 or 12 instalments and that delegated officers have discretion to enter into other agreements that facilitate the collection of Council Tax and National Non-Domestic Rate.
12. That the Council does not offer payment discounts to Council Taxpayers.
13. 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.