

Date:	04 May 2023
Portfolio:	Finance and Council Reform
The Report of:	Councillor David Boothroyd
Report Author and Contact Details:	Maria Burton, Portfolio Advisor, mburton@westminster.gov.uk

- 1. The following key decisions were made in the period since my last Policy & Scrutiny report dated 09 March 2023:**
 - 14 March 2023: Balmoral Castle and Darwin House - Approval of the Full Business Case and the Appointment of the Main Contractor to Deliver Phases 2,3 and 4 (joint decision with the Cabinet Member for Climate Action, Regeneration and Renters)
 - 27 March 2023: Seymour Leisure Centre: Formal Planning Application and Outline Business Case
- 2. The following report includes my priorities and delivery progress to date:**

2.1 Finance and Budget

Following pre-budget scrutiny by the Budget Scrutiny Task Group, the 2023/24 Budget was presented to Cabinet on 13 February and agreed by Council on 08 March.

Westminster Green Investment

In partnership with *Abundance*, the first round of the Westminster Green Investment 2028 (also known as the Green Bond) launched on 13 March and funded the full £1 million pound target in just 10 days, officially closing on 23 March. 484 investors participated in this round of funding aimed to support a variety of green initiatives within Westminster. The money will be used for various projects such as glazing upgrades, heat pump technology, installation of solar PV and draught proofing. Further details on specific projects to be funded will be released in due course.

Population estimates

In advance of any Government decisions about the local government settlement for 2024/25, council officers continue to work on finding reliable evidence to prove an accurate level of population. We are working with other inner London councils to understand where they are and to ask the Government to confirm its intentions about population modelling.

2.2 Cost of Living

Support for Residents

The council has / is coordinating a £14m package of support which includes national support and £4m from the council's own resources, of which £2m is from a dedicated cost of living fund.

Council funded projects include:

- Winter in the City (£200k). Ending in March 2023, warm and safe spaces across the city were promoted over the winter in order to help residents keep warm and save on bills. Thirty participating organisations were grant funded to provide activities and hot meals alongside health promotion messages.
- Increased investment in advice and outreach services (£522k), including to those working with Global Majority communities.
- Topping up existing welfare budgets, by adding £200k to the Local Support Payment budget and £200k to the Council Tax Hardship Fund budget.
- Supporting new food charities to help them establish (£40k).
- Providing food and holiday support (£230k) to low-income families.
- Adverts at bus stops promoting the Support Hub.
- Connectivity support including SIM cards, Community Fibre Free Fixed broadband connections and refurbished devices.

National support delivered by the council and partners includes:

- The Household Support Fund: October 2022 – March 2023. £1.9m has been distributed to low-income households through: Vouchers to households eligible for free school meals during the holidays; vouchers to residents in receipt of Housing Benefit but that didn't qualify for the £650 Government Cost of Living payment; a local hardship fund; and support to food charities.

A further Household Support Fund of £3.9m is available for April 2023 – March 2024 and details of how it will be allocated will be set out in a separate Cabinet Member Report. In line with Guidance it will include an application based element.

All of the Cost of Living interventions and analysis continue to be overseen by a Cost of Living Board. Recent analysis on those most impacted found the 31,000

households identified in the Strategy were still at risk, but further groups were also of concern:

- Low income households not in receipt of any benefits
- Private tenants
- Large families
- Disabled households / carers

The programme is underpinned by strong community engagement to understand the pressures faced by residents on the ground and officers meet regularly with the Food and Energy Network and a Community Alliance has also been established.

Support for Businesses

The support for businesses during the pandemic through the various Business Support Grant schemes and pandemic related NNDR reliefs has now concluded, although an adjusted Retail relief scheme remains for 2023/24. Businesses that continue to experience financial difficulty can apply for NNDR Hardship relief (applications are considered by the Rating Advisory Panel).

2.3 Revenues Collection

Revenues collection in 2022/23 has been good.

NNDR “In year” collection rose from 91.8% in 2021/22 to 95.5% in 2022/23. This is a very good outcome given the insolvency of a large number of companies following the pandemic. The service is well placed to improve collection further in 2023/24, although it may take a couple of years to get back to one of the Council’s best ever collection percentage of 97.6% achieved just before the pandemic.

Council Tax collection also achieved a good result increasing “in year” collection from 91.5% in 2021/22 to 93.6% in 2022/23, although this remains below the pre-pandemic collection level of 96.7%. The achieved collection level was especially pleasing given that significant resources were diverted to administer the government’s £150 Energy Scheme during 2022/23. The government’s scheme also meant that Council Tax recovery had to be halted for a large part of the year. It is expected that the service will deliver further improvements in collection in the future, providing there are no more government schemes to administer in 2023/24.

Both revenues met their business plan in-year collection targets.

Ethical Recovery Process

The new Ethical Recovery Process is made up of four standards:

- a) Pro-active promotion of the Council's 100% Council Tax Support scheme for residents struggling to pay their Council Tax
- b) Long-term payment arrangements being agreed, i.e. no longer insisting that Council Tax debts are paid in full by 31 March.
- c) Increased use of Council Tax Hardship (Section 13A) allowances for residents with exceptional circumstances or a current inability to pay. £200,000 was allocated to Council Tax Hardship funding as part of the Council's initial £1m Cost of Living funding, the majority of which has been utilised in 2022/23
- d) Ensuring that the removal of goods by the Council's enforcement agents can only take place for Council Tax debts where the debtor has the ability to pay but is refusing to do so. Authorisation for all Council Tax removals by the Council's enforcement agents must be approved by the Director of Finance and Resources or the Director of Revenues and Benefits. To date the Council's enforcement agents have made no such requests for Council Tax debts.

Council Tax collection since the pandemic

There are three primary reasons for the reduction in recovery rates of Council Tax compared to before the Covid-19 pandemic:

- a) Economic fallout from the pandemic and cost of living crisis.
- b) Reduction in collection resources, as resources had to be re-directed to Cost of Living programmes such as the administration of the government's £150 Energy Scheme.
- c) Reduction in recovery action. The administration of the government's Energy Scheme meant that recovery had to be suspended for a significant part of the year.

It is not considered that the Council's new "Ethical Recovery" process above has had any significant effect on the 2022/23 collection level. However, it was only introduced part way through 2022/23, and the 2023/24 financial year will enable a proper analysis of the effect on Council Tax collection.

2.4 Procurement and Commercial Services

PDHU Procurement

The Strategic Outline case agreed in January 2023 allocated a budget to develop the Stage 2 design of the project and produce a comprehensive Outline Business Case (OBC) by January 2024. To undertake this detailed appraisal of the shortlisted options & identify a preferred outcome for PDHU, the Council needs to procure specialist technical, commercial, financial and project management expertise for low/zero carbon, decentralised energy generation and networks.

A preferred Procurement strategy for the specialist expertise is expected to be approved in April 2023. Following a compliant tender process, contracts are expected to be awarded in August 2023 to develop the (OBC) by January 2024.

Responsible Procurement & Commissioning Strategy Launch

The Council's Responsible Procurement & Commissioning (RPC) Strategy was endorsed by Cabinet on 12 December 2022, and will be pivotal in helping the council achieve a Fairer Westminster. On 18 April, the Procurement and Commercial Service launched the strategy to our suppliers in an event at Grand Junction, with attendees from 50 of the council's key suppliers, as well as council officers and elected members.

Attendees were taken through what the RPC Strategy implies for new and existing council contractors, and what benefits it can bring to the businesses we work with, their workforce and our communities. The launch will showcase examples of social value and environmental best practice from a range of our suppliers, and even more importantly you will hear from our residents and supply chain workers about what responsible procurement means to them. During the event, existing council contractors were invited to voluntarily sign up 'live' to our new Supplier Charter and Ethical Procurement Policy. Following the launch of the RPC Strategy, the procurement team will be putting on a series of training workshops for different types of contracts, covering themes including modern slavery, carbon reduction, employment & skills, social value and much more.

I also had a recent opportunity to meet Masoom Islam, who is a young engineering apprentice working with our contractor CBRE on the project to refurbish Westminster Coroner's Court.

Church Street Site A Procurement

Following a positive outcome to the resident ballot in December 2023, the Church Street regeneration programme achieved a major milestone on 28 March, with planning committee granting its application to build circa 1,200 new homes for the Church Street community. Further to this phase 1 demolition contracts may commence.

The procurement for a joint venture partner went live in February 2023 and is currently underway, with a decision expected in July 2024.

Insourcing

The Insourcing Framework developed after input from officers, Cllr Ormsby and the Leader has been adopted. It is overseen by Insourcing Programme Board, a director level officer group. Four boards have now been held overseeing 15 priority projects agreed by ELT. Each board meeting reviews initial checklists giving the corporate board recommendation. Services have found this collaboration and independent review helpful.

2.5 Corporate Property

The Phase 3b PSDS funding and Phase 2 Programme

The Council's application to the Phase 3b Public Sector Decarbonisation Scheme (PSDS) for £3.8m of grant funding to assist with low carbon heating projects was confirmed as successful by Salix Finance and the grant offer letter was authorised on 24 February 2023.

Steady progress is being made on our Phase 2 workstreams. The programme board has approved investment grade proposals for the following conservation measures which are in addition to the PSDS proposals (pipework insulation, BEMS optimisation/upgrade, EC Fan installation, cooling improvements, draught proofing, solar PV installation and LED lighting upgrades). Contractors are on site carrying out works across several interventions, for LED lighting; installations at 10 of 13 sites have been completed. Planning applications for solar PV installation consents have been submitted.

Seymour Centre

The planning and listed building application has been submitted for the Seymour Centre refurbishment. This is a huge milestone as the project has been under discussion for many years. Over the next period, officers will be continuing discussions about how the new Centre will be managed. The move from a single service to a multi-service offer requires different management arrangements. The core purpose will be the optimisation of benefit to the community by ensuring that the management of the Centre maximises service synergies and optimises the benefit of the flexible, bookable community spaces.

2.6 Digital and Innovation

Contact Centre

The in-house contact centre service continues to meet targets, with all targets met. The number of post-call surveys has increased, and all performance measures are meeting expectations, and improving month-on-month. Recruitment continues, with new Customer Service Advisors, as well as a Resource Planner and Performance Manager now in post.

The out of hours contract continues to be operated by Agilisys. Performance has recovered from the reduction in December, and targets are now being met, or within a percentage point of being met. Post call surveys also show high levels of customer satisfaction.

Capita Cyber Attack

Members will be aware that the council's contractor for Revenue and Benefits is Capita and that they discovered a cyber attack on 31 March. Services to the City Council were restored quickly. Westminster officers have been liaising with both Capita and the Government but there is no evidence that any Westminster data was affected.

2.7 Council Reform

Council Meetings

At the 08 March Full Council meeting, constitutional changes were agreed to allow public participation, including petitions, at Full Council meetings. This will take effect from the June Council meeting and will be reviewed in a year's time.

Audit issues

A new independent member of the Audit and Performance Committee was appointed in February 2023.