



City of Westminster Cabinet Report

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Title: 2014/15 Budget and Council Tax Report

Wards Affected: All

Financial Summary: This report sets out the Council's financial framework for the 2014/15 financial year

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1 Executive Summary

- 1.1 Since 2010 the Local Government funding regime from Central Government has changed significantly and Westminster City Council faced substantial financial challenges as a result. We rose to these challenges and successfully delivered a transformation/investment programme of c£100M over the last three years.
- 1.2 The December 2012 Local Government Finance Settlement (LGFS) indicated a further reduction in funding of c£19M for 2014/15, which aligned with our planning assumptions and modelling. This position was broadly confirmed in the 2013 Autumn Statement. However, a series of consultations from Central Government over the summer of 2013 indicated a proposed further reduction in funding of c£2M, that if adopted would mean a total c£21M funding reduction for 2014/15. This was confirmed in the 2014 LGFS.
- 1.3 In 2013/14 Central Government introduced another radical change to the funding regime with a move away from Revenue Support Grant (RSG)/Formula Funding to the part retention of localised Business Rates.

- 1.4 Given the considerable volume of Business Rates (c£1.8BN) that the Council collects, and the vagaries of the Government's Business Rates retention modelling, we anticipated last year that this would create significant uncertainties for the Council, we estimated the Government's modelling would adversely impact us by c£6M (after safety-net) in 2013/14 and also in 2014/15. As at January 2014 (Period 10), we believe this to still be the case. As such, coupled with funding reductions of c£21M, the total negative impact on the finances of the Council in 2014/15 will be c£27M. The c£6M loss from Business Rates Localisation was factored into base budgets in 2013/14 therefore there will be no additional adverse impact from Business Rates in 2014/15.
- 1.5 In order to meet these funding challenges, Service Areas will contribute c£13M of savings initiatives (including c£5M from significant transformation activity). The remaining c£8M will be met from a projected c£2M use of Reserves and other Reserves/Provisions. The Council will set a balanced budget for 2014/15.
- 1.6 In 2014/15 Westminster would be eligible for a Council Tax Freeze grant equivalent, to a 1% rise in Council Tax yielding a further £0.5M which is already included in our planning assumptions. If this grant was also offered in 2015/16 then it would be the Council's intention to continue to take advantage of this position. This will be the **seventh** consecutive year that Westminster has frozen its Council Tax.
- 1.7 As part of our continuing work of driving efficiencies through the back-office, a major procurement activity was finalised towards the end of 2012/13, was the Managed Services Programme (MSP). It will deliver significant financial benefits commencing in 2014/15.
- 1.8 The Health and Social Care Act 2012 placed new responsibilities for Public Health on to Local Authorities. The Public Health service successfully transferred on 1 April 2013 from the NHS to a Tri-Borough service. For 2014/15, Westminster will receive £31.2M grant funding from the Department of Health for Public Health services. This budget is balanced for the Council and will not require any additional monies from the Westminster budget.
- 1.9 As at January 2014 (Period 10) the Council is in a small surplus position. Our "best estimate" for the remainder of the year will be for this position to continue to improve, potentially resulting in a further upside to our year-end closing position. Against this we are planning to modestly strengthen Closing General Fund Reserves and create some Earmarked Reserves for specific large transformation projects/procurements. The extent of this contribution will be dependent on the financial performance of the remainder of the financial year.
- 1.10 Westminster adopts a very robust and comprehensive active two-tier approach to risk management, with a focus on strategic (corporate) and operational (Service Areas) risks. Since 2012/13 we have undertaken a successful approach to risk management and mitigation which we will continue. We track and monitor these and throughout the financial year we report these through routine management reporting and undertake quarterly budget risk reviews/assessments for the following financial year.

- 1.11 Given we have set a balanced budget for 2014/15, have successfully delivered a significant transformation programme, mitigated risks and strengthened Reserves, the Council is better placed to deliver its future financial challenges. On this basis the Council's 2014/15 budget is considered to be robust.
- 1.12 Last year The Leader of Council launched the Better City, Better Lives vision and supporting programmes. Better City, Better Lives sets out how the Council will operate and what it will do but also the roles that we believe residents, businesses and visitors should play in order to help us deliver our shared vision for the City. This sets the clear vision and framework for undertaking the Council's future financial challenges. This is underpinned by three principles: **Fairness, Opportunity and Responsibility**. These principles will make up the 'F.O.R' test against which every policy, project, programme and service undertaken by the Council will be tested. We will ensure these principles are reflected in management priorities.
- 1.13 Throughout the process of setting the budget the Council has been mindful of the impact of service changes or reductions on residents and the service users and an Equalities Impact Assessment is included in **Annex C**.

2 Recommendations

- 2.1 That this report be submitted to the Extraordinary meeting of the Council on 6th March and Council be recommended to receive a speech by the Leader of the Council on Council priorities and financial aims.
- 2.2 That Cabinet approve the 2014/15 budget and recommend to Full Council the approval of the 2014/15 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 B**.
- 2.3 That Cabinet approve the Capital expenditure programme as set out in **Schedule 11**.
- 2.4 That the level and use of Earmarked Reserves in **Schedule 6** be approved.
- 2.5 That the local element for Band D properties be confirmed at the same level as 2013/14 (**i.e. £377.74**) in 2014/15, and Westminster accordingly take advantage of the 1% (£0.5M) Council Tax Freeze grant for 2014/15.
- 2.6 That it be noted that a 1% (£0.5M) Council Tax Freeze grant is likely to be available in 2015/16, and that the intention to freeze Council Tax in 2015/16 in that event be confirmed.
- 2.7 That the Council Tax for the City of Westminster excluding the Montpelier Square area, and the City of Westminster Montpelier Square area for the year ending 31 March 2015, be as specified in the Council Tax Resolution in **Annex B**. That the Council Tax be levied accordingly and that officers be authorised to alter the Council Tax Resolution as necessary following the announcement of the (Greater London Authority) GLA precept, drawing specific attention to any change and the Queen's Park Community Council.

- 2.8 That Cabinet delegate to the Strategic Director of Housing, Regeneration and Worklessness the responsibility for setting fees and charges for Temporary Accommodation and Bed and Breakfast, including the storage of possessions.
- 2.9 That the responses to the views of the Budget and Performance Task Group set out in **Annex A** be noted and incorporated into the Cabinet's report to Council in accordance with the Budget and Policy Framework Procedure Rules in the Constitution.

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 submit budget returns to the Department of Communities and Local Government (CLG) and approval of the revenue estimates constitutes authority for the Strategic Executive Board (SEB) to incur expenditure in accordance with approved policies.

4. The Council's Strategic Plan

4.1 The Challenge

- 4.1.1 The 2010 Comprehensive Spending Review set out the Government's budget reduction programme for Local Government funding. The impact to Local Government was a cut of 28% to core funding in real terms to be delivered over four years by 2014/15.
- 4.1.2 The Council has met this challenge successfully over the last three years by reducing its budget by c£100M, or around 12.5% of the Council's overall budget. It has managed to do this by focusing on improving how services are delivered, driving better value for money through contracts and procurement, joining up services locally and nationally including through our Tri-Borough partnership, and by reducing duplication and processes in the back office. This has allowed the Council to deliver on its key priorities: low tax, clean and safe streets and ensuring that high-quality local services are delivered to those that need them most.
- 4.1.3 This is also a unique City, a City that manages the centre of one of the great, if not the greatest, global cities of the world. This brings with it its own challenges, risks and costs. But we are rightly proud of this responsibility and accept it on behalf of the nation in promoting the best that this City and country have to offer both nationally and globally. That is something that we have, despite the financial constraints, managed to do over the last three years.

4.1.4 It is through clear that the Council now faces new challenges in a continuing era of austerity. The Spending Review of June 2013 and Autumn Statement delivered last December confirmed a further reduction of £2.1BN in Local Government funding in 2015/16 alone. In total, we now know that the City Council we will need to reduce its budget by a similar amount over the coming four years as it has done in the previous three. This figure will be around £25M every year or some £100M in total over the next four years.

4.1.5 Therefore, to meet this challenge, over the coming years we will need to continue to fundamentally change, what we do and how we do it and we must become bolder and more creative if we are to continue to provide the quality outcomes and services that our residents expect. We also must continue to work with all of our partners including residents and businesses in shaping what future local services look like if we are to meet these challenges. The City Council will not be able to meet these challenges alone.

4.2 Our Approach - Better City, Better Lives

4.2.1 In undertaking this work we are guided by a clear vision and framework. Last year saw the launch of the Council's Better City, Better Lives vision and supporting programmes. Better City, Better Lives sets out how the Council will operate and what it will do but also the roles that we believe residents, businesses and visitors should play to help us deliver our shared vision for the City.

4.2.2 Fairness, Opportunity, Responsibility

Underpinning Better City, Better Lives are three principles:

- **Fairness** - Making sure that services are targeted at those who need them most;
- **Opportunity** - Creating ladders of opportunity so that people can achieve their potential and live happier, healthier lives; and
- **Responsibility** - Encouraging residents, communities and businesses to take responsibility for themselves and their local areas.

These principles make up the 'F.O.R' test. Every policy, project, programme and service undertaken by the Council – and designed to deliver its ambitions – is tested against these principles.

4.2.3 These principles have a direct connection with how our City operates and the quality of life within it. For example, many of the issues which most annoy our residents (e.g. dog fouling) can be tackled by promoting a stronger sense of responsibility. We will encourage people to take more responsibility for their actions and their neighbourhoods.

4.2.4 We think that businesses within the City should consider themselves part of a community. This is not just about making charitable donations. It is also about helping to ensure that local young people get employment opportunities and improve their economic standing. We know that businesses, in the main, share this view so we will continue to help them to support the local community.

4.2.5 This is also a destination City. There is so much to see and do here and we are proud of that fact. But, just as we expect our residents and businesses to act responsibly, we also expect visitors to do so.

4.3 Delivering for Westminster over the last year

4.3.1 Despite the difficult financial climate, we have over the last year through our Better City, Better Lives programme managed to deliver a series of notable achievements designed to bring about real and tangible improvements across our City:

- Residents voting in favour on renewal proposals on the Ebury Bridge, Church Street and Paddington Green estates, with an average of 40% turnout and on average three quarters of residents voting in favour of plans;
- Planning approval for a brand new Marylebone Library, at a time when Libraries in other parts of the country are closing their doors;
- Planning approval for the transformation of the Tollgate Gardens Estate, the first of the Council's renewal areas to go to a public vote - providing more and better homes including new affordable homes and helping to tackle overcrowding;
- Planning approval for relocation of Children's services to Orange Park and Tresham Crescent in Church Street, which will mean we can start on site in the coming year;
- Built or acquired 100 new affordable housing units;
- Influenced Government policy on EU-nationals found to be committing anti-social behaviour on UK streets to give local enforcement agencies new powers to protect residents and businesses;
- Reviewed existing provision and launched a new independent information and advice service to support residents to access services, maximise their income and improve their general wellbeing. This delivered a more straightforward system for residents to navigate whilst achieving a 10% saving;
- Supported over 800 people into volunteering opportunities through our partnership with Volunteer Centre Westminster;
- Launched a new volunteering strategy for the whole City and commenced an annual investment programme of £350,000 into volunteering;
- Rolled out the UK's first parking bay sensors, cutting congestion and making parking easier in the City;
- Invested £1.2M in resurfacing roads and tackling potholes, including launching Westminster's pothole squad;
- Invested £300,000 extra in street cleaning across the City;

- In partnership with the Sir Simon Milton Foundation, the University of Westminster and Network Rail, secured funding for a brand new University Technology College for the City;
- Completed the £19M refurbishment of Leicester Square with the restoration of the Shakespeare Statue;
- Moved forward with our groundbreaking Tri-Borough shared services agreement with the London Borough of Hammersmith & Fulham and the Royal Borough of Kensington & Chelsea already improved Children's, Adult's and Library services;
- Supported Westminster's Primary and Secondary Schools which are amongst the best performing in London with almost 70% of pupils gaining top grades at GCSE;
- Provided leadership in the West End through the creation of the West End Partnership to ensure that the area remains a globally important centre and in tackling some of the more long-term challenges;
- Silver Sunday organised fifty free activities for the over 65s in Westminster in order to help reduce loneliness and isolation;
- Launched a new City Save scheme building to 34,000 registered users and with over 270 offers in 12 months providing value for money for our residents as well as supporting local business;
- Organised the first ever Carers Awards, receiving over 60 nominations and awards ceremony attended by over 70 people and published re-vamped carer's information booklet;
- Launched Westminster Mile as part of the ongoing Olympic legacy which 3,000 people undertook to encourage people in the City to keep active;
- Opened a new state of the art dementia centre at 42 Westbourne Park Road; and
- Commissioned a new smoking cessation programme as part of our new responsibilities in improving public health.

4.4 Better City, Better Lives 2015/16 – Year 2

4.4.1 As we move into the second year of Better City, Better Lives, we will continue to focus on three strategic ambitions:

A Safer, Healthier City

4.4.2 We want to ensure that everyone in Westminster feels healthy and safe. We will provide information to residents that will enable them to take their own steps to improving their own health. We want our residents to be able to access good and cost effective sports and leisure facilities and to become more active with the benefits that brings. Whilst our focus and emphasis should always be on residents being as independent as possible, healthy and active, we will balance this with the continued protection of our most vulnerable residents.

4.4.3 Feeling safe at home and in the City is one of our top priorities. We want communities to come together to support each other and the Council will provide specialist services to ensure our residents, business and visitors can enjoy Westminster and what it has to offer.

4.4.4 To deliver a Safer, Healthier City we will ensure:

- Residents and businesses feel more confident that their local area is safe;
- Work with our partners to reduce levels of anti-social behaviour and violent incidents across both high profile locations and residential areas;
- Help people make healthy and informed choices in respect of their lifestyle;
- Help people stay healthier for longer and able to access appropriate high quality care at the right time; and
- Ensure people are able to remain independent in their homes for longer.

A More Enterprising City

4.4.5 Westminster provides fantastic opportunities to businesses, whether large or small, established or aspiring. We will encourage businesses to make the most of these opportunities.

4.4.6 With so many workers coming to the City each day, it creates a higher demand on our services. In return, we expect businesses and workers to act responsibly.

4.4.7 To deliver a More Enterprising City we will:

- Create the conditions for start-ups and SMEs, particularly those owned by residents;
- Reduce the number of Westminster residents claiming Job Seekers Allowance;
- Ensure that every young person aged 16-25 years is involved with either education, employment or training;
- Ensure that school leavers and adults with barriers to work are better able to enter employment;
- Ensure vulnerable people are able to live independent lives, that we support strong responsible families to give every child the best start in life, and all visitors and residents to enjoy safe, healthy and active;
- Reduce emergency admissions for adults and reduce admissions to residential and nursing care;
- Improve patient and service user satisfaction with health and care services;
- Deliver sustainable investment in infrastructure which will contribute to the development and management of an improved public realm; and

- Ensure that people who work, live, study or visit Westminster are able to get around the City easily without impediment.

A Better Connected City

4.4.8 We believe that the more people get on with each other and feel ‘connected’, the better their quality of life will be. So we will encourage and make it easier for people to become more active in their local communities.

4.4.9 We know that many of our residents want to be more involved in the decisions which affect their local area. We will give them more opportunities to do so. Too many young people in Westminster are currently unemployed. We will work with local business to help provide more opportunities and work experience, and encourage young people to make the most of these opportunities.

4.4.10 We believe that volunteering makes a huge difference to people’s lives in Westminster. So we will make it easier for people to volunteer.

4.4.11 To deliver a Better Connected City we will:

- Support a network of Neighbourhood Forums covering all areas of the City, representing and reflecting the distinct nature of our communities;
- Address areas where action at the Tri-Borough level could support the success and expansion of neighbourhood devolution initiatives;
- Continue to deliver a programme of housing renewal based on innovative community engagement and local referenda;
- Ensure that Westminster residents have the information, motivation and opportunities to easily volunteer in the City;
- Encourage Westminster businesses to take a lead in encouraging their employees to volunteer in the City;
- Ensure that communities have sufficient capability and capacity to solve low-level problems without the need for state intervention;
- Ensure that customer services are geared towards self-service, so people can access services when and how they want to; and
- Ensure businesses contribute to maintaining a clean and safe local environment from which they benefit.

4.5 Growth and Public Service Reform

4.5.1 New Ways of Working

4.5.2 We must also continue to embrace new ways of working doing things differently and looking wherever possible to work with partners at both the local and national level.

4.5.3 We are already doing a lot of this innovative work:

Sharing Services: Tri-Borough

- In June 2011, the Tri-Borough plans were published in a programme of joint working with the Royal Borough of Kensington & Chelsea and the London Borough of Hammersmith and Fulham that aim to redesign service delivery, seek efficiencies, reduce corporate overheads and deliver better value for customers and Council Tax payers; and
- We are on-track to deliver savings of £44M per annum across the three Boroughs by 2015/16, having identified almost £10M of additional savings since we began sharing services.

What we have achieved so far

- We have launched two employee led mutuals to provide youth services and management and ICT support services to schools;
- We have provided wrap-around support to over a thousand troubled families across Tri-Borough;
- We have commissioned a new offending service for people in police custody and residents released from short prison sentences. The new service went live on 15 October 2013 and aims to reduce the reconviction incidents of this group by 10%;
- As a Pioneer site for health and social care integration, we have implemented the co-design phase of Whole Systems Integrated Care programme and are currently identifying Early Adopter sites. We have provided an exemplar Better Care Fund Plan which has been made available to other local authorities. Ultimately, this will aim to achieve efficiencies at a local level and deliver better outcomes for our local population, particularly the 100,000 people who are elderly or have complex needs and are most at risk of being admitted to hospital; and
- We have piloted our new Employability Passport supporting 181 additional learners take part in work related learning activities. The passport is now being rolled out across schools in the Tri-Borough area.

4.5.4 As well as our work within Tri-Borough, we are working with partners across the capital, including the Mayor to take forward negotiations with Government for a 'growth deal' for London. Over time this could lead to greater freedom to reinvest local income in improving Westminster for residents and businesses and more influence over key areas that matter to our communities and underpin growth, such as delivering housing, ensuring people have the right skills, tackling unemployment and managing the evening and night time economy;

4.5.5 We are also working with other leading Local Authorities alongside national Government to push forward with our efforts to reform public services, transform lives and cut costs to the public purse, as we have done for example with our Troubled Families programme.

5. Financial Strategy

- 5.1 In October 2010, Central Government announced significant reductions in the funding for Local Authorities through its Comprehensive Spending Review (CSR), the most radical in decades. A particular change at the time, with this trend continuing, has been the rolling-in of specific grants into the Revenue Support Grant (RSG) leading to real cuts higher than those published by the Department of Communities and Local Government (CLG). These reductions have had significant implications for Westminster City Council. The declines announced for 2011/12 have continued year-on-year and will persist through to 2014/15 and beyond.
- 5.2 The LGFS announced in December 2012 confirmed our budget planning assumptions for 2013/14 and identified further funding falls of c£8M from Central Government RSG/Formula Funding and adverse impacts from Business Rates Localisation of c£6M (after safety-net), bringing the total decline to c£14M. Without damping the reductions in RSG would have been closer to c£38M. This formed the basis for the budget/financial strategy in the February 2013 Budget and Council Tax Report.
- 5.3 For 2014/15, our detailed budget/financial planning and modelling based on funding trends since 2010 indicated a further reduction in RSG/Formula Funding (now called the Settlement Funding Assessment) of c£19M with the continuing adverse impact of NDR/Business Rates of c£6M. Taken together, this would be a total further decline for the Council of c£25M.
- 5.4 In the summer of 2013, a number of consultations were issued from CLG largely around Formula Funding and the New Homes Bonus. These confirmed our budget planning assumptions of a reduction of c£19M but proposed further declines in funding in 2014/15 of c£2M. These would come from the top-slicing of the New Homes Bonus and capitalisation, and further redistributions to rural areas to address sparsity. It also indicated further top-slicing of the New Homes Bonus of c£70M (pan London of which c£3M would be Westminster's contribution) to be redistributed to the Local Enterprise Panel (LEP) from 2015/16.
- 5.5 On 5th December 2013, Central Government released the Autumn Statement which indicated similar levels of cuts used for our budget planning. The declines for 2014/15 of £21M were confirmed through the LGFS issued on 18th December 2013 which also indicated continued funding falls to Local Authorities into 2015/16, and to the end of the decade, in broadly similar proportions.
- 5.6 In summary, the **total adverse financial impact** from Formula Funding and Business Rates for Westminster City Council for **2014/15 will be c£27M** (£21M Formula Funding and c£6M Business Rates), excluding any inflationary impacts. These reductions will be met by Service Areas c£13M (including c£5M from the benefits from large transformational programmes and procurements) and c£8M corporately largely from Provisions/Reserves. We set aside c£6M in our base budgets to cover for the adverse impact so there will no further negative financial impact to the Council.

- 5.7 In order to address these substantial reductions, the Council embarked on a significant programme of investment and change. This programme has been immensely successful in delivering benefits of £84M over the two year period (2011/12 and 2012/13). We continued the change programme into 2013/14 to meet budget challenges and are well placed to deliver an additional c£29M of savings initiatives.
- 5.8 In the February 2013 Budget and Council Tax Report we discussed changes to the Local Authority funding model from Central Government. This entailed a move away from the traditional funding through RSG/Formula Funding to one increasingly based on base-lined Business Rates Localisation. This model focussed on Business Rates remaining localised to Westminster rather than being passed onto Central Government as had occurred in the past.
- 5.9 We indicated at the time that there were likely to be significant implications for the Council given the volume of business rates we collect. We also reported that there were likely to be substantial risks with this new regime, largely because of the uncertainty in the timings of the settlement of appeals, with any downsides falling directly to our bottom line.
- 5.10 As part of 2013/14 budget planning we estimated that there was to be a 14% adverse impact (net of growth and appeals) which translated to a c£6M loss (after safety-net) to the Council from Business Rates Localisation. As we approach January 2014 (Period 10) monitoring and reporting, we do in fact believe that we will be adversely impacted by Business Rates by c£6M in 2013/14, c£60M if the safety-net had not been applied.
- 5.11 The Council will deliver a balanced budget for 2014/15, drawing on £2M of Reserves as we have done in previous years, despite the considerable reductions we have already addressed over the last three years. The Council's finances have been on a strengthening trajectory month-on-month and continue to do so as we approach year-end. As part of year-end planning we are intending to strengthen Reserves in line with our Reserves policy and also in line with Council policy, any further reductions in specific grants will be matched by reductions in associated expenditure.
- 5.12 The Council has benefitted by c£3M from Council Tax Freeze grants over the last three years, £1.228M and £1.241M in 2011/12 and 2012/13 respectively. In 2013/14 a Freeze grant of £0.5M was paid which represented only a 1% incentive. These have been paid to compensate the Council from a loss of income as a result of zero percent increases to Council Tax. In 2014/15 Westminster would be eligible for further Freeze grant equivalent, to a 1% rise in Council Tax yielding a further £0.5M which is already included in our planning assumptions. If this grant was also offered in 2015/16 then it would be the Council's intention to take advantage of this position. This funding from Central Government has been very volatile over the years. It was originally announced as a "one-off" payment in 2011/12 but has continued to be paid over the last three and will continue into 2014/15 and 2015/16.

- 5.13 In 2013/14, the threshold beyond which a referendum was required was a 2% or more increase in the tax amount. Any increase above this threshold would require a referendum to be held to allow residents to choose whether they wished to pay this higher Council Tax amount or not (a rejection would require us to implement an alternative lower budget). The costs of holding the referendum would have to be met from Council's resources. With such a low Council Tax to begin with, the gain from implementing a 1.99% increase offers only a very modest £0.5M advantage over adopting the freeze grant. For 2014/15 the position on the referendum remains unchanged from 2013/14. In prior years, changes in levies (in our case from the Environment Agency, Lee Valley Regional Park, and London Pensions Fund Authority) were excluded from the determination of whether a referendum should be held. We understand this will be included in the 2014/15 determination.
- 5.14 Westminster has chosen to keep the **Band D** Council Tax amount at the same level of **£377.74** since 2007/08 – 2014/2015 would be the **seventh** consecutive year that Westminster's Council's Tax has been frozen.
- 5.15 The Council adopts a very rigorous and robust two-tier approach to risk management with a focus on strategic (corporate) and operational (Service Areas) risks. This is discussed in detail in **Section 8**.
- 5.16 The Health and Social Care Act 2012 placed new responsibilities for Public Health on to Local Authorities. The Public Health service successfully transferred on 1 April 2013 from the NHS to a Tri-Borough service, hosted by Westminster City Council on behalf of itself, the Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith and Fulham. Westminster will receive £31.2M grant funding in 2014/15 from the Department of Health for Public Health services. This budget is balanced for the Council and will not require any additional monies from the Westminster budget. This grant is ring-fenced until the end of March 2016, and is provided for prescribed services which the Council **must** provide, the national child measurement programme as part of the healthy child programme for 0 – 5 years) and non-prescribed services which the Council **may** provide. We will ensure that these funds are used for the purposes defined as they may be clawed back by Central Government if the Department of Health is not satisfied that it has been spent appropriately, including investment in prescribed services. The Council will undertake regular risk assessments to ensure the funding is effectively managed and controlled.
- 5.17 The achievements to date include: mapping of over 450 Council services where Public Health can provide expertise and intelligence, building capacity in Public Health skills and co-designing or investing in specific projects. Health and well-being priorities and Joint Strategic Needs Assessment recommendations have been agreed across the three Boroughs.

- 5.18 A three year Public Health Commissioning and Re-Procurement Strategy has been signed-off by each individual Borough. This strategy clearly defines a timetable for mapping and reviewing services based on Council priorities, exploiting opportunities for joint commissioning and integration across the range of Council services, and at a pace that ensures financial security through the process.
- 5.19 In last year's Budget and Council Tax Report we outlined several policy/legislative issues which created some uncertainties and which we factored into our budget setting process. In this report we have updated the position for 2014/15 and identified any new policy/legislative initiatives which have potential impacts over the medium-term and which will be factored into our financial planning. This is outlined in **Section 13** of this report.

6. Financial Performance – Revenue 2013/14

- 6.1 As at January 2014 (Period 10) the Council is in a small surplus position. Our "best estimate" for the remainder of the year will be for this position to continue to improve, potentially resulting in a further upside to our outturn position.
- 6.2 Although most Service Areas will contribute to any surplus, given reductions in funding and policy/legislative reforms the Housing and Corporate Property portfolios have faced some financial challenges throughout 2013/14. These have been, and will continue to be, monitored and reviewed monthly through challenge sessions between senior officers in Service Areas and Corporate Finance with mitigating actions explored and rapidly implemented. Members have also been involved in re-prioritising and re-planning activities to meet these challenges. In addition, the budget has been balanced by some corporate upsides.
- 6.3 We are currently undertaking year-end/closure planning and are proposing to strengthen the Council's Closing General Fund Reserves with any surplus that may be generated. We are also intending to create some specific purpose Reserves/Provisions for large known transformation programmes/procurements. However, the magnitude of these contributions is dependent on the Council's performance in the last two months of the financial year.
- 6.4 In addition to the £84M of savings generated over the last two years, the Council is well placed to deliver an additional c£29M of change initiatives, over and above the £84M it has already successfully delivered. The Council embarked on some significant procurements in 2013/14 (both back-office and front-line) which will deliver significant benefits in 2014/15 and beyond, and have been factored into the budget strategy.
- 6.5 A major back-office procurement finalised towards the end of 2012/13 was the Managed Services Programme (MSP). This programme will provide an integrated HR and Finance solution across the Tri-Borough.

In January 2013, the three Councils announced BT as the third party supplier and all four parties, supported by PWC, have been working closely and collaboratively to commence implementation in quarter 2/quarter 3 of 2014/15. This programme will provide improved systems/technology supported by integrated and more effective and efficient ways of working. It will deliver significant financial benefits commencing in 2014/15.

- 6.6 Throughout 2013/14 Westminster has continued to successfully deliver major change programmes which will enable the Council to create more effective working environments and more efficient services to our residents. We have identified a potential strengthening of Reserves and have successfully managed risks. Our approach to risk management is discussed in **Section 8**.
- 6.7 All of this has been achieved by continued improvements to introduce best practice financial management and control, with an ever increasing focus on the balance sheet, especially debt. We embarked on a Debt Management project with Service Areas and third parties to improve processes and rigour in the overall management of debt. This has commenced to deliver dividends. In 2013/14 we have also continued to build the commercial and financial capability of the Finance staff and the organisation through training programmes run by Finance. Work is ongoing to identify opportunities to maximise our income through the Commercial Opportunities Review Board which will commence to deliver benefits in 2014/15 and increasingly so over the medium-term.

7. Revenue Budget 2014/15

- 7.1 The Council has set a balanced budget for 2014/15, with an anticipated £2M use of General Fund Reserves. Pending the outcome in the last quarter of the 2013/14 financial year, we are proposing to strengthen Reserves to provide financial resilience against anticipated future funding reductions, and the continued introduction of significant change/investment programmes and procurements.
- 7.2 The LGFS delivered on 18th December 2013 confirmed our “best estimate” of funding reductions for 2014/15 of £21M, £19M we had already modelled and planned for and an additional £2M proposed in the summer consultations. Our **total gap for 2014/15 will be £27M** with the continuing adverse impacts of Business Rates Localisation still expected to be c£6M based on experience/assumptions from 2013/14.
- 7.3 To close this gap, Service Areas have been tasked with delivering c£13M of savings (including c£5M from large procurements/transformation programme), and in addition, c£8M will be met through use of Reserves, provisions or the generation of additional income or efficiencies across the Council.
- 7.4 The c£6M adverse impact from Business Rates was factored into base budgets in 2013/14. Service Areas have identified a rigorous programme of savings, monitored monthly through the Delivery Assurance process, to meet their budget challenges. Details of savings initiatives can be found in **Schedule 5**.

- 7.5 As part of the strategy to meet the funding challenge in 2014/15, a review is currently being undertaken to rationalise all back-office (corporate) functions on a Tri-Borough basis. This is a significant programme of work which will take the next 12-24 months to fully implement however some of the benefits will start to emerge in 2014/15 with the majority flowing through in 2015/16 and beyond.
- 7.6 We will continue to ensure a proactive approach to risk management as in previous years. This is discussed in detail in **Section 8**.
- 7.7 We also closely monitor any potential corporate opportunities largely through the ongoing management of Treasury activities and Balance Sheet control to further mitigate future risks and uncertainties.

8. 2014/15 Risks and Budget Robustness

- 8.1 The Council has had the challenge of bridging in excess of c£100M of reductions in funding from Central Government from 2011/12 through to 2014/15. Despite this Westminster has managed to set balanced budgets, deliver comprehensive programmes of change and transformation, successfully undertake significant procurements and increase the Council's Reserves year-on-year to provide financial resilience against ongoing anticipated funding reductions and manage risks with no increases to Council Tax.
- 8.2 Westminster adopts a very robust and proactive two-tier approach to risk management, with a focus on strategic (corporate) and operational (Service Areas) risks. Since 2012/13 we have undertaken a successful approach to risk management and mitigation which we will continue. We track and monitor these and throughout the financial year we report these through routine management reporting. We also undertake quarterly budget risk reviews/assessments for the following financial year and report this annually in the Budget and Council Tax Report. We have recently refreshed our 2014/15 budget risks. Service Areas have identified risks comprising: c£8M "Red" and c£10M of "Amber".
- 8.3 As part of 2014/15 budget setting we requested that each Service Area identify and meet any potential impacts from inflation (contract and employee) from within their budget envelope. However, taking a prudent approach, we are proposing to establish a small corporate provision to cover a proportion of the "Red" risks identified in the budget process and any further negative effects of contract and employee inflation, over and above those already provided for by Service Areas. Service Areas will have to mitigate any "Amber" risks which may materialise. As part of our corporate risk provision, we will also take account of continuing pressures of Housing policy changes and the unpredictability of Business Rates.

- 8.4 Further funding reductions of a similar magnitude and in line with the previous three years (an additional c£100M) will be required over the next four years. However, with strengthened Reserves the Council is better placed to deal with these future financial challenges. On this basis, the Council's 2014/15 budget is considered to be robust. This is underpinned by the ongoing benefits being delivered through significant Tri-Borough activities; procurements (such as MSP) and rationalisations (Corporate Services Review) and the continued review and delivery of best practice financial management.
- 8.5 Throughout 2013/14 Westminster has also successfully undertaken four significant procurements across its front-line services and obtained value for money which will contribute to the savings challenges over the coming years.

9. Medium-Term Financial Outlook 2015/16 to 2017/18

- 9.1 The LGFS of 18th December 2013 indicates that our Settlement Funding Assessment is likely to fall by an additional c£25M in 2015/16, excluding any inflationary impacts. The LGFS also announced that a 1% (£0.5M) Council Tax Freeze grant was likely to continue into 2015/16, if this was the case it would be the intention of the Council to take advantage of this grant.
- 9.2 The Financial Settlement did not provide any information on the position for 2016/17 and beyond. Indications based on the last three financial years since the CSR (2010) was announced are that the same level of reductions c£100M will continue over the next four years. We expect the financial challenges to continue to the end of the decade. We are undertaking a medium-term planning exercise to respond to these.

10. 2013/14 Capital Expenditure

- 10.1 The Council's policy is to meet the cost of Capital expenditure through grants, third party funding and its own Capital receipts.
- 10.2 There is in place a robust process for the review of Capital expenditure. The Capital Review Group consisting of Members and Officers meets quarterly. This forum considers the strategic priorities for Capital, alignment with Revenue expenditure and approval of individual Capital schemes within agreed budgets and planning totals. Over the year this process has continued to enable the Council to maintain control and challenge of expenditure and more effectively manage its Capital resources allowing scope for development of the Capital requirements. This has enabled the Council to retain tight control over the entirety of the rolling programme.
- 10.3 There is a rolling programme of Capital works over the five year period from 2010/11 to 2014/15. The Council anticipates Capital receipts of £252M and expenditure of £173M. For 2013/14 net Capital expenditure is projected at £26M, which is within the budget for the year.

- 10.4 The rolling programme expenditure of £173M is made up of a significant number of schemes of which the largest by value are:
- Carriageway Programmed Maintenance - £13M
 - Marylebone Library - £11M
 - Schools BSF ICT - £10M
 - Lighting Improvements - £10M
 - Leicester Square Redesign - £9M
 - Footway Programmed Maintenance - £8M
 - City Hall - £7M
 - Waste Disposal Plant Improvements - £2M
 - Piccadilly 2 Way - £2M
- 10.5 The Capital programme extends to 2017/18 which is reflected in **Schedule 11**. At this stage this is purely for planning purposes as the programme requires Member and Officer consideration and approval.

11. Capital Budgets - 2014/15 and 2015/16

- 11.1 The Capital budget for 2014/15 is £49.7M (but with the potential slippage from 2013/14 of a further £4.7M) and for 2015/16 is £54.6M. Details of these are set out in **Schedule 11**.

12. Key Legislative and Policy Initiatives

- 12.1 Last year we identified in the Budget and Council Tax Report, a number of financial uncertainties which could have material impacts on the Council's activities with potentially significant financial consequences.
- 12.2 **Section 12.3** identifies new policy/legislative initiatives and **Section 12.4** provides an update on those identified in last year's report which could have a cost or income impact from 2014/15 onwards.

12.3 New Policy Initiatives

a) Care Bill

The Care Bill, currently at Committee stage in the Commons, if enacted, will implement the following key changes to the current care and support system:

- Introduce a financial cap on the costs that people have to pay to meet their eligible needs (from April 2016). This cap will be set at £72,000. Local Authorities will have a duty to carry out a needs assessment in order to determine an adult's care and support needs.

- Ensure that financial support is provided to more people to help them with care home costs (from April 2016). For adults in residential care, the upper capital threshold for means tested support will be increased to £118,000 except where a property is disregarded in the financial assessment.
- Introduce, nationally, the option to defer paying for care costs (from April 2015). This would allow people to defer paying for the cost of their care until after their death, so that people do not have to sell their home in their lifetime to pay for residential care.
- Ensure people in care homes remain responsible for their living costs if they can afford to pay them. A personal contribution to living costs of around £12,000 a year will be introduced from (April 2016). This will not count towards the cap. The Bill also introduces a new national eligibility framework, which will be set out in regulations and will commence in April 2015.

We are expecting an increase in the number of assessments required to be undertaken locally. These additional assessments will comprise of carers' assessments and assessments of self funders aged 65 years and over. The cost to the Council of carrying out the additional assessments required, if current practices remain, could be between £0.3M and £0.8M in 2016/17 (year 1). This is if all self-funders present for assessment in the first year.

There will also be additional financial pressures facing the Tri-Borough (and therefore Westminster) prior to 2016/17 and post year 1 as a result of delivering the changes required by the Bill. These additional pressures include, but are not limited to, resourcing increased challenges and complaints, increased demand for information and advice, managing Care Accounts and additional demands upon front line and back office staff.

b) Better Care Fund

In June 2013, the Government announced that a £3.8BN pool would be made available across the country to promote integrated working across the NHS and Local Government. The Better Care Fund (BCF) is not new money, but the re-utilisation of current funding streams. It includes the "Social Care to Benefit Health" funding which Local Authorities have received for the past three years and which is being used to sustain local social services.

Further guidance issued in December 2013 identified amounts for the Disabled Facilities Grant and Social Care Capital Grant (for development of IT systems to facilitate integration). The Local Authority and Clinical Commissioning Group (CCG) in each Health and Well-Being Board area will receive a notification of their share of the pooled fund for 2014/15 and 2015/16 and what amount is included in the payment for performance element which relates to achievement of goals in 2015/16.

In the Autumn Spending Round 2013, it was announced that the revenue funding allocation would include funding for costs relating to the Care Bill, including entitlements to carers and the national minimum eligibility threshold.

There is a small amount of additional funding for Local Authorities in 2014/15 (£1.1M for Westminster) and there may be further funding in 2015/16 but at this point it is not clear whether this may be top-sliced from other NHS budgets. Consequently, the development of the plan must be careful to understand the impact of utilising funds differently to achieve an integrated response in order to release efficiencies as well as delivering a better service to users.

The Tri-Borough Better Care Fund draft plan was submitted in December 2013 and has been made available nationally as an exemplar for local health and social care communities to use in developing their plans. A copy of the draft plan has been made available to the Health and Wellbeing Boards in each Borough. During January and February the plan is being refined and will be submitted, following sign off by the Health and Wellbeing Board, by 4th April 2014.

Additional burdens are expected to accompany the transfer of funding from the NHS.

12.4 Update on 2013 Policy Initiatives

In addition to the new policy initiatives identified above, we have provided an update on those identified in the 2013 Council Tax Report.

a) Universal Credit

Universal Credit will eventually replace the majority of national benefits including Housing Benefit. The Government has recently re-scheduled its timetable for the implementation of Universal Credit. The Government's current plan is to implement between April 2014 and October 2017, although the Government has recently stated that there could be around 700,000 claimants nationally who will not have moved to Universal Credit by October 2017. It is currently not known how many (if any) Westminster Housing Benefit claimants will move on to Universal Credit during 2014/15.

There should however be **no direct financial implication** for the Council in relation to the transfer from Housing Benefit to Universal Credit in 2014/15.

b) Community Budgets

In October 2012 the three Councils which make-up the Tri-Borough, submitted pragmatic proposals for how we could deliver up to £70M net savings to public services across Tri-Borough within three to five years.

Since October 2012 Tri-Borough has:

- **Cut care proceedings** in the court system from an average of 58 to 26 weeks and achieved savings of £900,000;

- Implemented a joined up, one stop service to families with multiple complex needs across the three Local Authority areas, scaling up to work with **1,730 families in 3 years**. To date we have provided wrap-around support to **over a thousand troubled families** across Tri-Borough;
- Commissioned a new offending service for people in police custody and residents released from short prison sentences. The **new service went live on 15 October 2013** and aims to reduce the reconviction incidents of this group by 10%;
- Been **approved as a Department of Health Pioneer site** for integration and showcased to the Minister for Care and Support how joined up care is working on the ground. Tri-Borough Better Care Fund draft plan circulated as an exemplar by the LGA; and
- Launched a pre-test pilot of our new Employability Passport, supporting **181 additional learners** taking part in additional work related learning activities. The passport is now being piloted across 6 schools in the Tri-Borough area.

Throughout 2014/15 we will maintain the momentum in implementing our original Community Budget business cases and we will work closely with Government Departments to ensure we robustly evaluate our progress and share our learning with other local areas. We will also continue to design, test and implement new approaches to providing local public services that tackle the realities of deficit reduction while meeting the rising expectations of our residents for affordable homes, jobs for young people, and support for the most vulnerable.

In particular, we will focus on:

- **Securing a sustainable financial deal** for Troubled Families through multi-agency pooled budgeting, which will give us greater flexibility on Troubled Families criteria to help more families more effectively and ensure a legacy for the Prime Minister's pledge to turn the lives of 120,000 Troubled Families around;
- **Securing a role in co-commissioning national services** for short-term offender services that will make the programme effective and ensure return on investment (learning from the experience of the Work Programme);
- **Implement alternatives to the national tariff system for hospitals** to deliver a holistic system that reduces pressure on acute services, better serves the most vulnerable and generates savings.

c) Localism Act Update

The Localism Act seeks to deliver not only new freedoms and flexibilities for Local Government, but also additional responsibilities and duties alongside new rights and powers for local communities, which could place greater pressure on financial resources. Although the Localism Act was finally passed in November 2011 it has been enacted in parts, through the subsequent publication of supporting regulations.

Below is an update to the relevant sections for 2013/14 and beyond:

- Neighbourhood Planning - The Neighbourhood Planning Regulations came into force in 2012 and provide communities the opportunity to develop statutory neighbourhood planning policies (produce a 'Neighbourhood Plan') that will become part of the planning framework for their area. To be able to undertake neighbourhood planning a local community group has to firstly apply to designate a 'neighbourhood area', and then secondly apply to be designated as the representative neighbourhood forum. To date, the Council has received a total of 27 neighbourhood area applications, and completed the period for representations in relation to 25 of these applications. Fourteen neighbourhood areas have been designated in Westminster, whilst the first neighbourhood forum – the Mayfair Neighbourhood Forum – was designated in January 2014. The Council has a legal 'duty to support' the neighbourhood planning process and therefore has to not only deal with the initial neighbourhood area and forum applications, but also manage and fund various stages of Neighbourhood Plan production, including the 'examination in public' and Neighbourhood Plan 'referendum'; and
- The Community Infrastructure Levy (CIL) - The 2013 amendments to CIL Regulations (2010) put into legislation a duty on the Council to pass CIL onto local Councils of which there is only one in Westminster that being Queen's Park Community Council. There is no regulatory requirement to pass on a proportion of CIL funding to areas outside of a local Council however statutory guidance states that charging authorities should engage with the communities where development has taken place and agree with them how best to spend the neighbourhood funding. The proportion of CIL receipts that should be ring-fenced for the areas within which they were derived is dependent upon:
 - (i) whether the area has a Parish Council; and
 - (ii) Whether there is a Neighbourhood Plan in place but ranges from 15% where there is no neighbourhood plan (capped at £100 per dwelling) to 25% with no cap where there is a neighbourhood plan in place.

It is worth noting that the neighbourhood funding can be applied to a wider range of spending to include.... "Anything else that is concerned with addressing the demands that development places on an area".

As only Queen's Park has Parish Council status officers will work with colleagues developing the Neighbourhood Planning requirements to help inform the discussions on administering the neighbourhood element of CIL.

d) Pension Update

In the current draft actuarial valuation for 31 March 2013 (to be signed formally by the actuaries by 30 March 2014), the employer's contribution to be made by Westminster was set for the three years to 31 March 2016. The employer's contribution is a combination of payment for future service obligations, and payment for deficit reduction. In 2014/15, these payments will be c20% of payroll for those staff in the fund.

The funding level (for the fund as a whole) calculated in the actuarial review is 74%. The Council has chosen to take a more risk averse approach and so the deficit recovery period has been reduced to 25 years from 30 years. The Council will be increasing its contributions (by £1.5M per year) in a stepped manner over the next five years.

The Government generally, and CLG in particular, are consulting on changes to public sector pension schemes. Proposals have included a form of collective purchasing combination and a merger of Local Government Pension Scheme (LGPS) schemes. It is not known at this stage what might result from these discussions, nor the timing of any implementation were the necessary regulatory issues dealt with.

Westminster implemented auto-enrolment procedures for its Pension Fund in July 2013. From this date all staff who were not currently in the pension scheme are automatically enrolled. The Council estimated that approximately 500 staff were affected and set aside a provision of c£2M to cover the employer's liability. To date all Service Areas have been managing within their existing budget envelopes. A new LGPS comes into force from April 2014 (LGPS 2014).

13. Reserves Policy

- 13.1 In the last two Council Tax Reports the Council indicated the level of General Reserves would ideally be in the range of £30M-£40M reflecting the volatility of costs and income of the Council. We continue to make significant progress towards achieving this target.
- 13.2 We plan to continue to adopt this strategy. The 2013/14 budget anticipated a £2M use of Reserves with Closing Reserves potentially falling to c£30M at year-end.
- 13.3 However, as the financial position has strengthened, the £2M will no longer be required and will be recast into General Fund Reserves to achieve a Closing position of at least £32M. The final level is dependent on how the financial picture emerges in the last two months of the year.

- 13.4 From 2014/15 and over the medium-term we will continue to monitor risks closely and report them regularly throughout the year. We will maintain our focus on the emerging landscape for business rates, successfully delivering the major change programmes such as MSP and progressing some significant rationalisations such as the Tri-Borough Corporate Services Review which will deliver financial returns over the next 2-3 years.
- 13.5 In addition to General Reserves, Earmarked Reserves of £59M (£53M of Earmarked Reserves and £6M of Ring-fenced Reserves) in 2014/15 (excluding Schools and HRA) have been set aside for specific purposes as detailed in **Section 16** and **Schedule 6**. We will determine if Earmarked Reserves need to be augmented for significant transformation and change programmes over the remainder of the financial year.
- 13.6 The overall level of General Fund Reserves for 2014/15 is considered to be adequate.

14. Cash and Financing

- 14.1 The Treasury Management Strategy is presented for approval at 24th February 2014 Cabinet meeting on the same agenda as this report. It sets out the Council's position on the management of cash and borrowings.
- 14.2 It provides routine updates on the financing position and seeks the continued use of investment options that have been used in the current financial year, within a conservative risk structure. With the implementation of HRA Self-financing under the Localism Act, the borrowing and cash elements of the HRA and General Fund are managed on a notionally separate basis.
- 14.3 Cash balances are expected to remain sufficiently high over the next two to three years (taking into account Capital receipts and expenditure and movements in working capital balances) to fund the expected capital programme using internal borrowing, rather than having to seek further external financing. Given the prevailing low level of interest rates, Officers are also considering voluntary early repayment of external borrowing as a way of making more efficient use of funds in the short term.
- 14.4 Any further external borrowing in 2014/15 would be for specific projects or schemes where those schemes are cash generating. There are no plans for new HRA borrowing, with Capital expenditure funded from asset disposals and use of HRA Reserves.

15. Council Tax

- 15.1 The standard Band D Council Tax amount for 2013/14 was the lowest in the country at £377.74 (£680.74 including the GLA precept). The recommendation to keep the Council Tax at this amount will mean that 2014/15 will be the **seventh** consecutive year that Westminster's Council Tax has been frozen, with the GLA precept being proposed to drop by £4.00.
- 15.2 Due to a technicality in the CLG method of determining the average Council Tax level, Westminster actually had to reduce the Council tax from £377.80 to £377.74 last year for the overwhelming majority of its residents in order to offset the very slight increase for the 96 Band D equivalent properties in Montpelier Square who raise an additional Special Expense on their properties and which is collected on their behalf by Westminster.
- 15.3 The taxbase (the number of Band D equivalent properties) was formally agreed by Full Council on the 22nd January 2014 at 120,762 equivalent properties. Therefore, based on the recommended proposal to freeze the Council Tax at £377.74, the total amount collectable for Council Tax in 2014/15 would be £45.62M. This would represent an increase in Council Tax receipts of £969K over the equivalent figure for 2013/14 and is the result of organic growth in the number and composition of properties eligible for Council Tax within Westminster.
- 15.4 For the first time, the Queen's Park Community Council will levy its own precept. The determined taxbase for the area is 3,083 Band D equivalent properties and expects to raise £137K having set a Band D amount of £44.40. This additional Band D amount will be levied on all relevant properties within the Queen's Park boundary and will be charged in addition to the Westminster and GLA basic amount.
- 15.5 The Montpelier Square Garden Committee (as mentioned above) also collect their charges from local residents via a Special Expense levied as part of the Council Tax demand. They wish to maintain the total charge at £32,500 in 2014/15. The taxbase for this area has however changed from the estimated 96.48 properties in 2013/14 to 94.56 in 2014/15 (as agreed by Full Council in January 2014). Accordingly, the average Band D amount increases slightly to reflect the taxbase reduction, rising from £336.86 to £343.70.
- 15.6 The Mayor has published his intentions to reduce his equivalent Band D amount for 2014/15 from £303.00 to £299.00 – the Assembly meets to consider these proposals on 14th February.
- 15.7 The Table overleaf summarises the total expected amounts collectable from Westminster residents and the composition of charges for individual residents at the Band D equivalent level:

	Queen's Park	Montpelier Square	Rest of Westminster
Westminster City Council	£377.74	£377.74	£377.74
Queen's Park Community Council	£44.40		
Montpelier Square Garden Ctee		£343.70	
	£422.14	£721.44	£377.74
Greater London Authority	£299.00	£299.00	£299.00
Total Band D Equivalent Amount	£721.14	£1,020.44	£676.74
<i>Taxbase</i>	3,083	95	117,585
Total Collectable:			
Westminster City Council	£1,164,674	£35,719	£44,416,418
Queen's Park Community Council	£136,897		
Montpelier Square Garden Ctee		£32,500	
	£1,301,572	£68,219	£44,416,418
Greater London Authority	£921,898	£28,273	£35,157,804
Total Collectable	£2,223,469	£96,493	£79,574,223

15.8 **Schedule 9** of this report sets out the expenditure by portfolio on which the above Council Tax receipts are spent.

16. **Provisions, Contingencies and Earmarked Reserves**

- 16.1 The Council is projecting to maintain or strengthen General Fund Reserves over the short to medium-term in order to provide financial resilience against a number of uncertainties. The extent of the increase to Reserves will be determined once the financial performance of the Council becomes clearer over the remaining months of the current financial year.
- 16.2 In addition to the General Fund Reserves, there are a number of designated Reserves which have been established for specific purposes and which will be utilised in the short to medium-term.
- 16.3 These designated Reserves fall into two categories: Earmarked Reserves, which are used to meet short-term needs, are expected to stand at £53M at 31st March 2014. Ring-fenced Reserves, which cannot be accessed by the Council other than for specified purposes, are projected to be £6M at 31st March 2014. Details are provided in **Schedule 6**.
- 16.4 Although the Council has for some years carried a central contingency within the budget to protect Reserves against some “Red” risks and inflationary pressures, risks and unforeseen events; the containment of risks and costs continues – as it has done for the last three financial years - to rest firmly with Service Areas.

17. Schools

17.1 Dedicated Schools Grant (DSG)

- 17.1.1 Schools are funded primarily via the ring-fenced DSG and thus Council Tax income is not used to fund schools-related expenditure.
- 17.1.2 The DSG consists of three separate blocks of funding: the Schools' Block, High Needs' Block and Early Years' Block. Although each of the separate blocks are not separately ring-fenced, the DSG overall continues to be ring-fenced.
- 17.1.3 The Department for Education's (DfE) Schools' Funding Reform required a number of changes to the DSG and the way in which schools are funded which included:
- The introduction of a new School Funding Formula comprising of a limited number of factors and using data that comes directly from the DfE;
 - Further changes in 2014/15 to the definitions of pupil mobility and low prior attainment;
 - Funding for schools based on October pupil numbers;
 - The delegation of some budgets that were previously centrally held;
 - The end of inter-authority recoupment for pupils with Special Educational Needs;
 - Changes to the way in which special schools, pupil referral units and Special units attached to mainstream schools are funded; and
 - New regulations pertaining to Schools Forums.
- 17.1.4 The Council is able to retain an amount of DSG to pay for the education of pupils who are the responsibility of Westminster but who are not in Westminster schools. The Council does not contribute any of its own resources to fund schools, but it is required to fund the management and administration of education services from its own Council Tax/Formula Grant resources.

17.2 Pupil Premium

- 17.2.1 Pupil Premium will increase from £900 in 2013/14 to £1,300 in 2014/15 for primary school pupils and to £935 for secondary schools per FSM6 pupil (FSM6 refers to a child that has been entitled to a free school meal at any point in the past six years).
- 17.2.2 There is also a Pupil Premium for looked after children and service children (children of parents who are in the armed forces).
- 17.2.3 It is for schools to decide how the Pupil Premium should be spent, however the DfE intends that schools will be held accountable for the impact of its use.

17.3 Academies/“Free Schools”

- 17.3.1 Westminster schools that convert to Academy status or newly established “Free Schools” obtain their funding directly from the Education Funding Agency. They will receive a budget share equivalent to what they would have had if they were a Westminster school (funded in most cases by an adjustment to the DSG paid to the Council).

18. Housing Revenue Account (HRA)

- 18.1 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.
- 18.2 It accounts for the management and maintenance of 12,200 units of social housing and 9,000 leaseholders within Westminster. The HRA itself is required to set a balanced budget and must not go into deficit, after taking account of HRA Reserves.
- 18.3 In 2012 the HRA moved from a national subsidy system of financing to one of self-financing. In order to facilitate this the Council was required to buy out of the subsidy system through taking on £68M of extra borrowing within the HRA, but in return gets to keep all future rental income.
- 18.4 The Council’s Arms Length Management Organisation, CityWest Homes Ltd (CWH), undertakes the housing management function on behalf of the Council and has responsibility for the long-term investment needs of the stock estimated at £1.3BN.
- 18.5 The Government continues to control rent levels and rent increases through Rent Rebate Subsidy Limitation. This mechanism limits the amount of eligible housing benefit payable if average rent increases by a Local Authority exceed Government determined limits. The presumption underlying self-financing is that in the long run social rents will continue to increase by RPI+1/2%. The Government is currently consulting on limiting this guarantee to the first 10 years. Self-financing presents the Local Authority with a number of uncertainties and risks that will need to be monitored and actively managed. These include the impact of Right to Buy proposals, interest rate risk, and the impact of welfare reform on future changes to housing benefit collection/payment.
- 18.6 There are significant positive benefits of self-financing including the ability to adopt a more strategic planning horizon, to engage in more commercially focused active asset management approaches, and the ability to make significant improvements in the procurement process. The Council is actively exploring the flexibilities and freedoms that these changes present to benefit the Council as a whole and to grow the HRA.

- 18.7 Self-financing enables a longer-term approach to business planning than implied by a medium-term financial planning horizon of 3-5 years. The Self-financing HRA is underpinned by a 30 year business model that factors in assumptions about the level of future revenue expenditure and income and the required level of housing investment. Current modelling indicates that the HRA is financially viable and able to fund a programme of Capital investment of £339M over the next five years. It also has a degree of additional headroom that will enable it to cashflow and finance the proposed future regeneration schemes of existing housing estates, which are now estimated to cost an additional £60M. The development of an ongoing active asset management strategy will also help to underpin the future operation of the HRA and enhance the viability of the account as well as help to develop headroom to reconfigure the stock and to undertake an initially limited programme of building new homes.
- 18.8 The HRA budget for 2013/14 and 2014/2015 is set out in **Schedule 12** and the proposed HRA Capital Programme in **Schedule 11**.
- 18.9 The Housing Investment Strategy and HRA Business Plan will be presented to Cabinet with this report on 24th February and will seek recommendation to approve the five year (2014/15 to 2018/19) Capital budget for the HRA.

19. Levies and Special Charges

- 19.1 A number of organisations have statutory powers to generate income by raising charges by means of a levy on Westminster City Council – these are: The London Pensions Fund Authority (LPFA); The Environment Agency; and the Lee Valley Regional Park Authority.
- 19.2 Unlike in previous years, the costs of levies will now be included in the determination of whether a referendum is required with regard to any proposed Council Tax increase. Although the threshold for needing to hold a referendum remains at 2%, the proposal to freeze the Council Tax makes this change inconsequential.
- 19.3 At present none of these three bodies have issued their finalised levy demands and thus we are unable to provide updated figures at this stage. We expect to receive this figure close to the deadline for formal despatch of the Cabinet report (indeed in previous years we have had to provide an update to Full Council as the information has been received following the Cabinet meeting).
- 19.4 In addition to bodies having the power to charge a levy against the City Council, the Montpelier Square Garden Committee have, and exercise, a right to raise income for the upkeep of the residents' garden by a Special Expense – chargeable to the local residents who have use of the facility. They have proposed to maintain the overall amount collectable at the 2013/14 amount of £32,500. Further details of this can be found in **Section 16** of this report.

20. Greater London Authority (GLA) Precept

- 20.1 The Mayor of London has published his Draft Budget which will be considered by the Assembly on the 14th of February. As part of that budget he has proposed a reduction in the 2013/14 Band D precept of £303.00 down to £299.00 for 2014/15 – representing a 1.3% reduction.
- 20.2 The total amount expected to be raised by the GLA from Westminster residents is therefore expected to be £36.11M – the reduction in the Band D amount saving those residents a total of £483K
- 20.3 The GLA Budget and Band D equivalent amount is not expected to materially change from the proposal – however any changes will be verbally notified to Cabinet on the night of the meeting.

21. Consultation with the Community and Stakeholders

- 21.1 Section 65 of the Local Government Act 1192 places a duty on the Council to consult each year with representatives of the local business community on its budget proposals.
- 21.2 Details of the Council's budget proposals have been published on the Council's website via the Budget Scrutiny meeting papers (see Section 23 for further detail), and 13 separate representative business bodies written to, inviting them to comment on the budget proposals for 2014/15.
- 21.3 None of the representative bodies have responded to this invitation.

22. The Scrutiny Process

- 22.1 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:
- 22.2 “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.”
- 22.3 These terms of reference were agreed by the current Budget and Performance Task Group at their first meeting on 29th January 2014. The Task Group is currently chaired by **Cllr Edward Baxter**.
- 22.4 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.

Summary of response

22.5 Overall budget

- The Overall 2014/15 draft budget appears robust, providing clarity and comfort for residents with no Council Tax increase, while using a range of funding sources to deliver front-line services;
- The Budget envelope allocation between departments fits well. The main budget pressure in 2014/15 that the Task Group highlights is on Housing;
- The Task Group notes the 'green, amber and red' risk identification and mitigation process in place, and its success in 2013/14 in mitigating risk; and
- The main opportunity that the Budget and Performance Task Group would highlight is in Public Health, where in the medium-term efficiencies may be achieved by further combining service provision and removing duplication.

First Budget and Performance Meeting

- 22.6 The first meeting of the Budget and Performance Task Group on Wednesday 29th January 2014 established the group's membership, the programme of work and corresponding timetable, whilst assessing the overarching proposed budget. The Acting Chief Financial Officer (CFO) presented an overview of the budget assumptions which had been used, and provided an update on current risks and implementation plans for delivering the budget.
- 22.7 Concerns were initially raised about Business Rate losses and Members questioned the delays here, given the Council's campaign around Business Rate Localisation. Officers reported that the Valuation Office had an exceptional backlog which it was aiming to clear by 2015. After examining the headline trends, the Acting CFO outlined further detail on Westminster's proposed 2014/15 budget strategy and approach. There were savings to be made across most Service Areas to help bridge the financial gap.
- 22.8 After examining the overarching budget context, the Acting CFO presented Members with the planned budget for **SEB and Strategic Support**. The CFO outlined that the department was driving efficiencies from managed services implementation and other contract savings, whilst boosting income generation through City Promotions and other commercial opportunities. It was also reported that HR was going through transformation and efficiencies would be sought here. The Director of Strategy and Communications would be leading the coordination of the 11 substantial change programmes across the Council.
- 22.9 Members were concerned about the risks associated with school opt-outs from Human Resources and whether enough resource would be available in Strategy and Communications to support the major change programmes at the Council.

- 22.10 The Chairman asked about worst-case scenarios, and mitigating actions to be taken if pressures were to be more immediate, so requested clarification on medium-term plans which could be brought forward. Members were also concerned about the accuracy of estimations which could be made in relation to income generating opportunities through the Commercial Opportunities Board, and the need for caution about what can be achieved in the following year.
- 22.11 Relating to **Finance and Operations**, Members were interested in how the 11 change programmes could be managed effectively and how customer journey changes (such as that in Adult Services) could impact on the budget. Members were pleased that the budget for the voluntary sector would remain the same as in 2013/14.
- 22.12 Members of the group were concerned about the inheritance of prior contracts in relation to **Public Health**, and the risks associated with these – especially between the old Primary Care Trust and the Hospital Trusts.
- 22.13 The group also were keen to highlight that the Public Health budget would be different from other departments in the future, because of the opportunity of the size of the savings to be made in conjunction with the importance of wanting to retain an option on the savings generated in order to spend in other discretionary areas. This was seen as important because of the long-term outcomes in public health which do not necessarily have an immediate return. Members were keen to see mapping done with Adult Social Care and other departments, where possible, to ensure that duplication would not be an issue.
- 22.14 In **City Management**, the Director reported that there would be a release of Reserve in 2014/15, but also an increase in income from the Highways team. Members were concerned about plans for 2015/16 savings and longer-term proposals and therefore asked for more detail on how income could be generated and savings made. Members were also keen to ensure that the impact of the Hemming case would be known soon.
- 22.15 The group questioned the budget pressure as a result of Crossrail and the changes that this would mean to the City Council. Members wanted to ensure that the £0.3M discretionary spend for street cleansing would be available in the future.
- 22.16 The group were also keen to explore the potential sources of income from businesses and the work of the West End Partnership on furthering these plans.
- 22.17 In relation to **Parking**, Members requested clarity on whether the increase in paid-for parking was due to more people coming into the City or staying longer as a result of the ease of payment.

Second Budget and Performance Meeting

- 22.18 The second Task Group meeting took place on Thursday 30th January.

- 22.19 In **Adult Social Care (ASC)**, the Director outlined that the Care Bill would have an impact due to financial assessment and safeguarding, this was combined with the positive impact of the 'Out of Hospital' strategy and the Better Care Fund.
- 22.20 Members asked about the reasons behind the new electronic monitoring for homecare and how the new system would save resources. Members also asked about the fundamentals of how to make savings in ASC in the future and asked for more details around the planned reassessment of the customer journey. Members were positive about the work on health and social care integration in relation to the Better Care Fund.
- 22.21 Members retained serious concerns about market development in ASC and how this could create problems in the future.
- 22.22 Members asked about demand management in **Children's Services** and how the ranges of programmes outlined by officers were leading to savings. The group were keen to know more about how Westminster Council benefit from Social Impact Bonds and how Westminster had undertaken work on exploring the associated possibilities.
- 22.23 Members were concerned about savings specifically relating to the Family Recovery project, such as those derived from reducing demand on care, reducing serious youth violence and care protection orders. Members considered it would be useful to have these clearly laid out to assess the return on investment of these programmes.
- 22.24 In **Sports & Leisure**, Members wanted to know how the Service Area was working with Public Health, given the synergies between the two departments. Members of the group were also concerned about the long-term strategy relating to the Sayers Croft facility and asked for a fully costed model to be provided.
- 22.25 Member of the budget group asked the Tri-Borough Director of **Libraries and Culture**, about the proportion of volunteers in comparison to FTE staff in Libraries, given budget pressures and the overspend. It was thought that harnessing the enthusiasm of volunteers could provide further options for the department. The group were concerned about the registration department risk going forward, given the change of location, but were positive about the impact of the Marriage (Same Sex Couples) Act 2013 and the pre-bookings already made.
- 22.26 The Director of **Built Environment** presented the budget envelope for 2014/15 to the group and highlighted that strong income generation was essential in the future. Members were specifically interested in efficiencies which were being examined with consultants who would give answers on how to streamline systems and processes. These would be for 2015/16.

- 22.27 In **Housing** officers gave an outline of the pressures in the budget and mitigating actions over the last year. The budget group were broadly concerned about the safety of projected numbers and the safety of the assumptions made in the budget envelope.
- 22.28 Members were keen for officers to learn from best practice from other Local Authorities, and were encouraged by officer assessments of shared front-of-house or back office shared savings. There was also some concern about prevention of homelessness and how this underpinned the expectations over the next year. It was also considered important to work London-wide and ensure Westminster's strategy was consistent with others in London.
- 22.29 In **Corporate Property**, Members agreed with the assertion that there should be a greater level of clarity in the property strategy going forward. Members specifically asked about the provision of an asset register with a clear purpose; such as indicating social or financial return, levels of revenue provided and reasons for any proposed retention or disposal. Members were also keen to assess the thirty-five portfolio strategies for areas in Westminster.

Recommendations:

Risks highlighted

22.30 Sustainability of using past Reserves

The Task Group is comfortable with the release of Reserves within departments in 2014/15, smoothing between savings initiatives. We recommend that savings initiatives at least equal to released Reserves within the departments are identified and worked in detail now (rather than in the next budget cycle), to provide comfort of maintaining savings from 2015/16 onwards. Major areas we note are:

- Adult Social Care: c£1.3M reserves release
- City Management : c£1.4M reserves release
- Overall: 2013/14 unused part of the provision for "Red" risks : c£3M

22.31 Housing budget pressures

The Council cannot directly control the number of people presenting as homeless. The Task Group notes that the 2014/15 budget may come under pressure (relatively quickly, as in 2013/14) and recommends that Cabinet agree their comfort now on the contingency actions if this plays out negatively. This could include clarity on the next three most attractive departmental savings for 2014/15, for example.

22.32 Government funding streams

Central funding probably still remains "best estimate" post the Local Government Finance Settlement of 18th December 2013.

The Task Group's judgment is that there will probably not be radical changes from CSR and consultations, but there could be final "trimming" to Central Government funding and/or increases in the negative impact of Business Rates Localisation Vs the Council's expectations. As above, the Task Group recommends that Cabinet have comfort on the contingency actions and financing if this plays out negatively.

22.33 Legal reviews

Reviews (e.g., the Hemming case, Licensing Act 2003 Review) currently provide uncertainty. As above, comfort on general contingency actions/ financing is important and some cases Departments may be able to reduce exposure.

22.34 Level of organisational change

The Task Group is comfortable overall with the necessary change to the organisation to deliver 2014/15 budget. We believe that it is critical to delivery to monitor carefully:

- 11 change initiatives supported by corporate functions and within the HR, Finance and Procurement corporate functions themselves via MSP; and
- Detailed planning for systems, processes and ways of working integration and re- procurements.

Possible opportunities

22.35 Public Health

There is likely to be significant opportunity over c2-3 year horizon to realise efficiency in cost and improve public health delivery quality across the Council, including areas newly run by Westminster (e.g., Childhood obesity, Young people sexual health programmes). The Task Group hope that savings identified can be retained to provide prioritised services to residents. This would improve services and increase the incentive to deliver savings. We note that new funding is currently ring-fenced and no change is proposed in 2014/15 as services bed in. We recommend that initiatives are pursued as high priority; The Council has scope to lead improvement here.

22.36 Corporate Property

The Task Group believes that there is opportunity to optimise the financial returns and social good delivered from the portfolio, providing there is a clear and full asset register. The Task Group requests on behalf of the P&S Committees that an asset register marked with asset use should be available for the Budget and Performance process in early 2015 (and shared before for Policy & Scrutiny as available). The Task Group notes the importance of the Property Investment Panel for optimising specific projects.

22.37 Trading

Revenue generation from trading opportunities continues to be an opportunity. This is upside to the 2014/15 budget developed. The Task Group might expect the Commercial Board process to identify c£1M opportunities for 2015/16, 2016/17. Incentives, the degree of commercial culture and current appetite for capital investment are likely to determine revenue generation possibilities in future, tough financial environments.

23. Legal implications

- 23.1 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.
- 23.2 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.
- 23.3 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.
- 23.4 The Local Government Act 2003 imposes a duty on the City Council's Section 151 Officer, to report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed reserves. Her report is set out in Sections 8 and 14 above respectively and the Council has a statutory duty under the 2003 Act to have regard to the report when taking its decision.
- 23.5 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 may be required.
- 23.6 Apart from statutory duties relating to specific proposals the Council must consider its obligations under the Equality Act. This is addressed in **Section 24** below. In developing 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.

- 23.7 Section 106 of the 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.
- 23.8 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.

24. Equalities Implications

- 24.1 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 and civil partnership, pregnancy and maternity, race, religion or belief and sexual orientation.
- 24.2 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.
- 24.3 An initial screen of budget measures has been undertaken to ensure that the equality duty has been considered where appropriate. A summary of the initial screening process is included as **Annex C**. 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.
- 24.4 Reports of the full equalities impact assessments which have been undertaken are being collated and will be included in an updated **Annex C** to the report to Full Council.

Schedules

- 1 2013/14 Budget Re-Basing
- 2 Sources of Income
- 3 Expenditure Requirements
- 4 Net Budget Requirement (by Cabinet Member and SEB)
- 5 Details of Budget Changes
- 6 Movement in Reserves
- 7 Levies, Special Expenses and Precepts
- 8 Localised Business Rates, Settlement Funding Assessment & Council Tax
- 9 Uses of Council Tax Income
- 10 Subjective Budget Analysis
- 11 Capital Expenditure Plans
- 12 Housing Revenue Account

Annexes

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

Background Papers

Budget and Council Tax Report 2013/14 25th February 2013

Council Meeting and Agenda of 6th March 2013

Report to Cabinet Treasury Management Statement 25th February 2012

Report to Audit and Performance Committee on 4th February 2014

If you have any queries about this report or wish to inspect any of the background papers, please contact: Anna D'Alessandro on 0207 641 1184 or at adalessandro@westminster.gov.uk.

The 2013/14 Original Budget was approved by Full Council on the 6th of March 2013. Since that date a number of structural changes have taken place at both the Cabinet and SEB levels that have led to budgets being transferred between portfolios. The schedule below summarises those changes and re-bases the 2013/14 Approved Budget as the starting point for the 2014/15 Budget

<u>Cabinet Portfolios - Feb 2013</u>	(£,000's)	<u>Cabinet Portfolios - Feb 2014</u>	(£,000's)
Leader / Finance & Customer Services	43,279	Leader / Finance, Cust' Services & Property	43,568
Deputy Leader / Built Environment	4,521	Deputy Leader / Built Environment	4,684
Children & Young People	40,392	Children & Young People	40,861
Business	(54,611)	Business & Housing	20,302
City Mgmt, Transport & Environment	54,016	City Mgmt, Transport & Environment	55,481
Community	10,956	Community	10,991
Adults & Public Health	88,940	Adults & Public Health	87,865
Housing & Property	22,057		
Community Protection & Premises	10,543	Comm' Protection, Premises & Parking	(40,688)
Corporate Financing	35,703	Corporate Financing	25,372
Corporate Income	(8,558)	Corporate Income	(7,850)
NET BUDGET REQUIREMENT	247,238	NET BUDGET REQUIREMENT	240,586
Corporate Funding	(245,454)	Corporate Funding	(238,802)
Net Transfer from Reserves	1,784	Net Transfer from Reserves	1,784

<u>SEB Portfolios - Feb 2013</u>		<u>SEB Portfolios - Feb 2014</u>	
SEB & Strategic Support	9,179	SEB & Strategic Support	9,839
Finance & Operations	37,586	Finance & Operations	38,980
Adults Services	83,857	Adults Services	83,376
Public Health	0	Public Health	(1,217)
Childrens Services	40,392	Childrens Services	40,911
Housing	28,109	Housing	28,495
Corporate Property	(970)	Corporate Property	(1,861)
Libraries	6,996	Libraries	7,055
Sports & Leisure	937	Sports & Leisure	962
Built Environment	15,974	Built Environment	16,641
City Management	50,110	City Management	51,956
Parking	(52,077)	Parking	(52,073)
Corporate Financing	35,703	Corporate Financing	25,372
Corporate Income	(8,558)	Corporate Income	(7,850)
NET BUDGET REQUIREMENT	247,238	NET BUDGET REQUIREMENT	240,586
Corporate Funding	(245,454)	Corporate Funding	(238,802)
Net Transfer from Reserves	1,784	Net Transfer from Reserves	1,784

Sources of Income

Schedule 2

The budget proposals assume sources of funding for the Council as follows:

	2013/14 Budget (£,000's)	2014/15 Change (£,000's)	2014/15 Budget (£,000's)
Cabinet Member Portfolios			
Leader / Finance, Cust' Services & Property	(43,415)	(20)	(43,435)
Deputy Leader / Built Environment	(8,967)	(204)	(9,171)
Children & Young People	(110,636)	(105)	(110,741)
Business & Housing	(299,408)	(700)	(300,108)
City Mgmt, Transport & Environment	(18,192)	(820)	(19,012)
Community	(6,223)	(213)	(6,435)
Adults & Public Health	(62,260)	0	(62,260)
Comm' Protection, Premises & Parking	(80,103)	(1,889)	(81,992)
Corporate Financing	(1,960)	(2,432)	(4,392)
Corporate Income	(7,850)	(1,862)	(9,712)
NET BUDGET REQUIREMENT	(639,015)	(8,245)	(647,260)
Corporate Funding	(683,055)	15,605	(667,450)
Net Transfer from Reserves	(1,322,070)	7,360	(1,314,710)
SEB Portfolios			
SEB & Strategic Support	(5,332)	(440)	(5,772)
Finance & Operations	(10,241)	0	(10,241)
Adults Services	(31,850)	0	(31,850)
Public Health	(30,385)	0	(30,385)
Childrens Services	(107,138)	(105)	(107,243)
Housing	(294,841)	(1,000)	(295,841)
Corporate Property	(27,865)	420	(27,445)
Libraries	(2,810)	(62)	(2,872)
Sports & Leisure	(3,364)	(151)	(3,515)
Built Environment	(10,378)	(204)	(10,582)
City Management	(29,625)	(620)	(30,245)
Parking	(75,375)	(1,789)	(77,164)
Corporate Financing	(1,960)	(2,432)	(4,392)
Corporate Income	(7,850)	(1,862)	(9,712)
NET BUDGET REQUIREMENT	(639,015)	(8,245)	(647,260)
Corporate Funding	(683,055)	15,605	(667,450)
Net Transfer from Reserves	(1,322,070)	7,360	(1,314,710)
Expenditure (See Schedule 3)	1,323,854	(7,054)	1,316,800

Expenditure Requirements

Schedule 3

The budget proposals assume sources of funding for the Council as follows:

	2013/14 Budget (£,000's)	2014/15 Change (£,000's)	2014/15 Budget (£,000's)
Cabinet Member Portfolios			
Leader / Finance, Cust' Services & Property	86,982	(2,231)	84,751
Deputy Leader / Built Environment	13,652	105	13,757
Children & Young People	151,498	(895)	150,603
Business & Housing	319,710	(357)	319,353
City Mgmt, Transport & Environment	73,673	(658)	73,015
Community	17,213	(37)	17,176
Adults & Public Health	150,126	(2,400)	147,726
Comm' Protection, Premises & Parking	39,415	(1,904)	37,511
Corporate Financing	27,332	1,322	28,654
Corporate Income	0	0	0
NET BUDGET REQUIREMENT	879,601	(7,054)	872,547
Corporate Funding	444,253	0	444,253
Net Transfer from Reserves	1,323,854	(7,054)	1,316,800
SEB Portfolios			
SEB & Strategic Support	15,171	(897)	14,274
Finance & Operations	49,222	(1,826)	47,396
Adults Services	115,227	(2,282)	112,945
Public Health	29,167	0	29,167
Childrens Services	148,049	(895)	147,154
Housing	323,337	(698)	322,639
Corporate Property	26,004	525	26,529
Libraries	9,865	(148)	9,717
Sports & Leisure	4,326	80	4,406
Built Environment	27,019	(424)	26,595
City Management	81,581	(198)	81,383
Parking	23,302	(1,613)	21,689
Corporate Financing	27,332	1,322	28,654
Corporate Income	0	0	0
NET BUDGET REQUIREMENT	879,601	(7,054)	872,547
Corporate Funding	444,253	0	444,253
Net Transfer from Reserves	1,323,854	(7,054)	1,316,800
Income (See Schedule 2)	(1,322,070)	7,360	(1,314,710)

Net Budget Requirement

Schedule 4

The budget proposals assume sources of funding for the Council as follows:

	2013/14 Budget (£,000's)	2014/15 Change (£,000's)	2014/15 Budget (£,000's)
<u>Cabinet Member Portfolios</u>			
Leader / Finance, Cust' Services & Property	43,567	(2,251)	41,316
Deputy Leader / Built Environment	4,685	(99)	4,586
Children & Young People	40,861	(1,000)	39,861
Business & Housing	20,302	(1,057)	19,245
City Mgmt, Transport & Environment	55,481	(1,478)	54,003
Community	10,991	(250)	10,741
Adults & Public Health	87,865	(2,400)	85,465
Comm' Protection, Premises & Parking	(40,688)	(3,793)	(44,481)
Corporate Financing	25,372	(1,110)	24,262
Corporate Income	(7,850)	(1,862)	(9,712)
NET BUDGET REQUIREMENT	240,586	(15,299)	225,287
Corporate Funding	(238,802)	15,605	(223,197)
Net Transfer from Reserves	1,784	306	2,090
<u>SEB Portfolios</u>			
SEB & Strategic Support	9,839	(1,337)	8,502
Finance & Operations	38,980	(1,826)	37,154
Adults Services	83,376	(2,282)	81,094
Public Health	(1,217)	0	(1,217)
Childrens Services	40,911	(1,000)	39,911
Housing	28,495	(1,698)	26,797
Corporate Property	(1,861)	945	(916)
Libraries	7,055	(210)	6,845
Sports & Leisure	962	(71)	891
Built Environment	16,641	(628)	16,013
City Management	51,956	(818)	51,138
Parking	(52,073)	(3,402)	(55,475)
Corporate Financing	25,372	(1,110)	24,262
Corporate Income	(7,850)	(1,862)	(9,712)
NET BUDGET REQUIREMENT	240,586	(15,299)	225,287
Corporate Funding	(238,802)	15,605	(223,197)
Net Transfer from Reserves	1,784	306	2,090

Details of Budget Changes

Schedule 5

Details of the budget changes, as summarised in Schedules 2 to 4, are set out below:

	Budget Pressures (£,000's)	Budget Savings (£,000's)	Net Change (£,000's)
Cabinet Portfolio:			
Change to Reserves / Provisions Contribution		(1,327)	(1,327)
Implementation of Older People Strategy		(135)	(135)
Personalisation Efficiencies		(50)	(50)
Placement Review		(30)	(30)
Rough Sleeping - Services Not Fit for Purpose		(118)	(118)
Support at Home		(100)	(100)
Transport Policy Review		(490)	(490)
Triborough & Procurement Savings		(150)	(150)
Adults & Public Health	0	(2,400)	(2,400)
Alternative Income Sources		(79)	(79)
Planning Fees Income Growth		(160)	(160)
Reduction in Supplies & Services		(9)	(9)
Building Control Income Pressures	35		35
Pay Award & Contract Inflation	114		114
Built Environment	149	(248)	(99)
Cleansing Costs Recharge	150		150
Continued Funding for Welfare Changes Team	714	(270)	444
Contract & Other Inflation	118		118
Housing Benefits - Change to Bad Debts Provision		(500)	(500)
Increased Support Costs from CityWest	170		170
Legal Costs - Demand Increases	69		69
Pay Award	24		24
Re-Negotiate Supported Housing Contract		(832)	(832)
Street Licencing Fee Review	300		300
Temporary Accommodation Strategy		(1,000)	(1,000)
Business & Housing	1,545	(2,602)	(1,057)
Adoption & Fostering Trading		(28)	(28)
Childcare - Interim Support Budget		(30)	(30)
Contract & Other Inflation	884	(13)	871
Disabled Children Reorganisation	34		34
Efficiency Savings within Play Service		(25)	(25)
Looked After Children Savings		(144)	(144)
Passenger Transport - Procurement Savings		(480)	(480)
Procurement Savings		(752)	(752)
Reduced Legal Costs		(63)	(63)
Commissioning for Semi-Independent Children		(52)	(52)
Efficiency Savings		(292)	(292)
Children with Disabilities - Other Savings		(39)	(39)
Children & Young People Total	918	(1,918)	(1,000)
Change to Reserves / Provisions Contribution		(1,400)	(1,400)
Contract & Other Inflation	1,685		1,685
Contract Savings		(817)	(817)
Increase in Landfill Tax	50		50
Increase in RMG Income		(100)	(100)
Increase in Trade Waste Charges		(500)	(500)
Increased Charges - Household Bulk Collections		(70)	(70)
Reduction in Grounds Maintenance Costs		(60)	(60)
Reduce Grounds Maintenance Contract		(80)	(80)
Reduce Hanging Baskets Surplus Budget		(100)	(100)
Reduction to Training & Supplies Budgets		(100)	(100)
Re-Provide Budget for Urinals / PC's	164		164
Waste Collection Disposal Cost Recovery		(150)	(150)
City Management, Transport & Environment	1,899	(3,377)	(1,478)

Details of Budget Changes

Schedule 5

Business Rates following Library Upgrade	40		40
Cease Arts Commissioning		(200)	(200)
Contract & Other Inflation	121		121
Home Library Service restructure		(20)	(20)
Increased Income - Porchester Leisure Centre		(71)	(71)
New LMS Contract Savings		(58)	(58)
Registrars Income		(62)	(62)
Community	161	(411)	(250)
Anticipated Reduction in Parking Income	1,200		1,200
BPO & Tech Contract Savings		(934)	(934)
Fee Increase - Permits		(740)	(740)
Greater usage of parking bays due to sensors		(484)	(484)
LA03 Fee Review		(80)	(80)
Loss of CrossRail Windfall Income	50		50
Maintenance Costs for New Bay Sensors	97		97
On-Street Parking Contract Savings		(1,372)	(1,372)
Paid for Parking Forecast & Cost Savings		(997)	(997)
Pest Control Income Growth		(70)	(70)
Reconfigure Response Warden Service		(60)	(60)
Efficiencies	596	(231)	365
Suspensions - Fee Increases		(768)	(768)
Community Protection, Premises & Parking	1,943	(5,736)	(3,793)
Contract & Other Inflation	1,736	(49)	1,687
Increase in External Legal Income		(138)	(138)
Increased Costs - Changes in Legislation	337	(300)	37
Increased Land Charges Income (Service Marketing)		(50)	(50)
Increased Rent Income (Rent Reviews Etc)		(480)	(480)
Loss of Rent Income on Council House	900		900
Pensions Contract Savings		(40)	(40)
Reduction in City Hall Business Rates		(575)	(575)
Reduction in Coroners Court Running costs	54	(81)	(27)
Reduction in Supplies & Services Etc		(25)	(25)
Rental Costs for Tri-Borough Accommodation	440		440
Review Insurance Charge to the HRA		(350)	(350)
Savings on Serco Contract / Managed Services		(2,293)	(2,293)
Efficiencies	64		64
Savings from Managed Services Implementation		(1,400)	(1,400)
Corporate Services Changes		(858)	(858)
Leader / Finance, Customer Services & Property	3,530	(6,639)	(3,109)
	10,146	(23,331)	(13,185)
<i>Other Changes to Corporate Items</i>			
Change in Council Tax		(969)	(969)
2013/14 Freeze Grant - Now in SFA	493		493
2014/15 Council Tax Freeze Grant		(456)	(456)
Increase in Collection Fund Surplus		(252)	(252)
Change to Settlement Funding Assessment	21,379		21,379
Education Support Grant		(1,500)	(1,500)
Change in Localised Business Rates		(53,646)	(53,646)
Change in Tariff	8,647		8,647
Change in Safety Net Payment	43,579		43,579
Change in Safety Net Threshold	0		0
s31 Grants - Changes to Business Rates		(2,278)	(2,278)
New Homes Bonus Increase		(1,899)	(1,899)
Reduction in s31 Grant - New Homes Bonus	393		393
Additional Public Health Grant (Ring Fenced)	851	(851)	0
Additional NHS Social Care Funding	1,329	(1,329)	0
	76,671	(63,180)	13,491
NET CHANGE	86,817	(86,511)	306

Summary by SEB Portfolio:

Adults Services		(2,282)	(2,282)
Built Environment	428	(1,056)	(628)
Childrens Services	918	(1,918)	(1,000)
City Management	2,183	(3,001)	(818)
Corporate Items		(858)	(858)
Corporate Property	2,000	(1,055)	945
Finance And Operations	874	(2,700)	(1,826)
Housing General Fund	1,022	(2,720)	(1,698)
Libraries & Culture	130	(340)	(210)
Parking	1,893	(5,295)	(3,402)
Public Health	103	(103)	0
Sports & Leisure		(71)	(71)
Strategic Support	698	(2,035)	(1,337)
	10,248	(23,433)	(13,185)
Corporate Items	76,671	(63,180)	13,491
	86,919	(86,613)	306

Movement in Reserves
Schedule 6

The Council maintains General Reserves in able to be able to draw on them should it become necessary to change activity levels or deal with cost or income pressures in the short term before permanent remedial action can be taken. Any difference between annual sources of income or expenditure requirements are charged to or from these Reserves. Based on the proposed budget and anticipated outturn for 2013/14, the levels of General Reserves are expected to move as follows:

	Anticipated Closing Reserves 2013/14 (£,000's)	2014/15 Change (£,000's)	Anticipated Closing Reserves 2014/15 (£,000's)
<u>Movement in General Reserves</u>			
Budgeted Reserves at Start of 2013/14	28,564		
Budgeted 2013/14 Use of Reserves	(1,784)		
	<u>26,780</u>		
2012/13 Improvement in Reserves	5,420		
	<u>32,200</u>		
Forecast Improvement in 2013/14	2,800		
Forecast Closing Reserves 2013/14	<u>35,000</u>		35,000
Budgeted Use of Reserves 2014/15		(2,090)	(2,090)
Forecast Closing Reserves 2014/15		<u>(2,090)</u>	<u>32,910</u>

	Anticipated Closing Reserves 2013/14 (£,000's)	2014/15 Change (£,000's)	Anticipated Closing Reserves 2014/15 (£,000's)
<u>Movement in Earmarked Reserves</u>			
Adults Services	1,399		1,399
Childrens Services	3,038		3,038
City Management	2,899		2,899
Parking	4,068		4,068
Finance & Operations	6,890	(2,000)	4,890
Housing	92		92
Property	2,360		2,360
Built Environment	1,027		1,027
SEB & Strategic Support	2,433		2,433
Corporate	20,793	(4,000)	16,793
	<u>44,999</u>	<u>(6,000)</u>	<u>38,999</u>

	Anticipated Closing Reserves 2013/14 (£,000's)	2014/15 Change (£,000's)	Anticipated Closing Reserves 2014/15 (£,000's)
<u>Movement in Ring-Fenced Reserves</u>			
Adult Education - LSC Funding	3,866		3,866
Schools Reserves	903		903
Quinton Kynaston Endowment Fund	1,537		1,537
	<u>6,306</u>	<u>0</u>	<u>6,306</u>

	Anticipated Closing Reserves 2013/14 (£,000's)	2014/15 Change (£,000's)	Anticipated Closing Reserves 2014/15 (£,000's)
Accounting Adjustment - Receipts in Advance *	<u>8,014</u>	<u>0</u>	<u>8,014</u>

* The Council is required under IFRS Accounting rules to show the balances of unspent grant funding received without condition to be shown as an Earmarked Reserve until spent

The Council is required to raise levies from its taxpayers on behalf of a number of other bodies. The following levies have so far been notified to us:

<u>Levies</u>	Budget 2013/14 (£,000's)	Change 2014/15 (£,000's)	Budget 2014/15 (£,000's)
London Pension Fund Authority *	2,038	0	2,038
Lee Valley Regional Park Authority *	395	0	395
Environment Agency *	256	0	256
	2,689	0	2,689

* Note, at the time of despatch, final details of the 2014/15 levies for these bodies has yet to be received. An update will be provided on the night of the meeting if further information becomes available.

Special Expenses

The Montpelier Square Garden Committee raise a charge on local properties (only within their immediate area) for the maintenance of the garden area. The charge, which is added to the Council Tax for those properties, is set out

	Budget 2013/14 (£,000's)	Change 2014/15 (£,000's)	Budget 2014/15 (£,000's)
Montpelier Square Garden Committee - Special Expense	33	0	33

Due to a marginal change in the equivalent Band D numbers of properties in the Montpelier Square area (96.48 to 94.56), the average Band D charge for the relevant properties increases from £336.86 to £343.70

Precept - Greater London Authority

The Greater London Authority raise a precept to be charged on the same Council Tax bill as Westminster's own Council Tax charge. The provisional budget proposals for the GLA are as set out below, and, if approved, will result in their average Band D equivalent charge falling from £303.00 to £299.00 across most of London (the City of London with its own policing responsibilities has a lower precept)

	Gross Spend (£,000's)	Gross Income (£,000's)	Council Tax Requirement (£,000's)
Mayor's Office for Policing and Crime	3,253	(2,691)	562
Greater London Authority - Mayor	737	(675)	63
Greater London Authority - Assembly	8	(5)	3
London Fire & Emergency Planning Authority	432	(296)	135
Transport for London	6,550	(6,544)	6
London Legacy Development Corporation	40	(40)	0
	11,019	(10,251)	769

	2013/14 Band D Amount (£'s)	2014/15 Band D Amount (£'s)
The Average Band D Precept amount is split between the GLA functions as follows:		
Mayor's Office for Policing and Crime	220.25	218.88
Greater London Authority - Mayor	29.73	24.31
Greater London Authority - Assembly		0.97
London Fire & Emergency Planning Authority	50.65	52.51
Transport for London	2.37	2.33
London Legacy Development Corporation	0.00	0.00
	303.00	299.00

* The London Assembly formally considers the budget on the 14th of February - should any of the proposals be changed at that meeting, an update will be provided to Cabinet Members

Localised Business Rates

2014/15 is the second year of the Localised Business Rates (NDR) funding regime. 2013/14 continues to see extensive impacts from prior year appeals to property valuations which are reflected in a high Appeals Provision being set aside - having to provide for outstanding appeals as far back as April 2005

	2013/14 Budget (£,000's)	2013/14 Forecast (£,000's)	2014/15 Budget (£,000's)
Net Business Rate Yield (After Discounts & Allowances) less Provision for Appeals against Valuation	1,829,026 (259,887)	1,742,806 (204,691)	1,795,193 (51,173)
	1,569,139	1,538,115	1,744,020
30% Westminster City Council Share	470,742	470,742	523,206
50% Central Government Share	784,570	784,570	872,010
20% Greater London Authority Share	313,828	313,828	348,804
	1,569,139	1,569,139	1,744,020
NDR Collection Fund Surplus / (Deficit)	0	(31,024)	0

Settlement Funding Assessment

30% Westminster City Council NDR Share	470,742	470,742	523,206
DCLG Levy & Safety Net Adjustment	n/a	n/a	1,182
Less Tariff (Paid to CLG)	(444,253)	(444,253)	(452,900)
30% Share of Collection Fund Surplus/(Deficit)		(9,307)	
	26,489	17,182	71,488
Safety Net / (Levy) Payment	46,547	55,854	2,968
	73,036	73,036	74,456
SFA Assumed Retained Business Rates	(78,957)	(78,957)	(80,495)
Surplus/(Loss) on Localised Business Rates	(5,921)	(5,921)	(6,039)
Revenue Support Grant	118,683	118,683	96,259
Assumed Retained Business Rates	78,957	78,957	80,495
Settlement Funding Assessment	197,640	197,640	176,754

Council Tax

Modest increases in the Council Tax base caused by organic growth have led to an increased yield for the Council whilst maintaining the equivalent Band D amount at £377.74. This is the first year in which a precept is being raised for the new Queen's Park Community Council

	2013/14 (No.)	Change (No.)	2014/15 (No.)
Band D Equivalent Properties			
Montpelier Square Garden Committee	96	(2)	95
Queen's Park Community Council	n/a	2,568	3,083
Remainder of Westminster City Council	118,100		117,585
Whole of Westminster	118,197	2,566	120,762
Westminster Council Band D Amount	£377.74	£377.74	£377.74
Westminster Council - Council Tax Proceeds	£44,648k	£969k	£45,617k

Band D Amounts

2013/14	2014/15		2013/14	Change	2014/15
£347.22	£354.27	Montpelier Square Garden Committee	£34k	£0k	£34k
n/a	£44.40	Queen's Park Community Council	n/a	£137k	£137k
£303.00	£299.00	Greater London Authority	£35,814k	£294k	£36,108k
£377.74	£377.74	Westminster City Council	£44,648k	£969k	£45,617k
			£80,495k	£1,400k	£81,895k

Uses of the Council Tax

Schedule 9

The Council does not hypothecate specific elements of the Council Tax bill for individual purposes. However, as a guide, the following illustrates the proportionate shares of the average Band D amount split between Cabinet and SEB portfolios allocated on a hypothetical pro-rata basis

	2013/14 Band D Amount (£'s)	2014/15 Band D Change (£'s)	2014/15 Band D Amount (£'s)
Cabinet Member Portfolios			
Leader / Finance, Cust' Services & Property	368.59	(26.47)	342.13
Deputy Leader / Built Environment	39.63	(1.66)	37.97
Children & Young People	345.71	(15.63)	330.08
Business & Housing	171.76	(12.40)	159.36
City Mgmt, Transport & Environment	469.40	(22.21)	447.18
Community	92.99	(4.04)	88.94
Adults & Public Health	743.38	(35.67)	707.72
Comm' Protection, Premises & Parking	(344.24)	(24.10)	(368.33)
Corporate Financing	214.66	(13.75)	200.91
Corporate Income	(66.41)	(14.01)	(80.42)
NET BUDGET REQUIREMENT	2,035.47	(169.93)	1,865.54
Corporate Funding (Excluding Council Tax)	(1,642.64)	172.14	(1,470.49)
Net Transfer from Reserves	(15.09)	(2.21)	(17.31)
COUNCIL TAX REQUIREMENT	377.74	0.00	377.74

	2013/14 Band D Amount (£'s)	2014/15 Band D Change (£'s)	2014/15 Band D Amount (£'s)
SEB Portfolios			
SEB & Strategic Support	83.25	(12.84)	70.41
Finance & Operations	329.79	(22.13)	307.66
Adults Services	705.40	(33.88)	671.52
Public Health	(10.30)	0.22	(10.08)
Childrens Services	346.12	(15.63)	330.49
Housing	241.08	(19.18)	221.90
Corporate Property	(15.75)	8.16	(7.59)
Libraries	59.69	(3.01)	56.68
Sports & Leisure	8.14	(0.76)	7.38
Built Environment	140.79	(8.19)	132.60
City Management	439.57	(16.11)	423.46
Parking	(440.56)	(18.81)	(459.37)
Corporate Financing	214.66	(13.75)	200.91
Corporate Income	(66.41)	(14.01)	(80.42)
NET BUDGET REQUIREMENT	2,035.47	(169.93)	1,865.54
Corporate Funding	(1,642.64)	172.14	(1,470.49)
Net Transfer from Reserves	(15.09)	(2.21)	(17.31)
COUNCIL TAX REQUIREMENT	377.74	0.00	377.74

The average Band D Council Tax amounts for residents in the Queen's Park Community Council and the Montpelier Square Garden Committee areas will pay differing amounts due to the parish precept and Special Expenses amounts additionally levied in those areas (see Schedule 8)

The effects of the proposed budget changes as set out in Schedule 5 are summarised by their subjective classification below:

	2013/14 Budget (£,000's)	2014/15 Change (£,000's)	2014/15 Budget (£,000's)
Employee Costs	176,091	(543)	175,548
Premises Costs	52,046	238	52,283
Transport-Related	3,112	(487)	2,625
Supplies & Services	88,280	1,366	89,646
Contract Costs	264,240	(8,004)	256,236
Traded Services	(2,026)	(244)	(2,270)
Transfer Payments	286,821	(1,812)	285,009
Debt Charges	11,036	0	11,036
	879,601	(9,486)	870,115
Grant Income	(436,187)	(2,390)	(438,577)
Interest	(1,977)	0	(1,977)
Customer Income	(200,850)	(3,423)	(204,273)
Service Area Budgets	(639,015)	(5,813)	(644,828)
	240,586	(15,299)	225,287
Transfer Payments	444,253	8,647	452,900
Grant Income	(167,632)	61,573	(106,059)
Customer Income	(515,423)	(54,615)	(570,038)
Corporate Items	(238,802)	15,605	(223,197)
Transfer from Reserves	1,784	306	2,090

Capital Expenditure Plans

Schedule 11

The Capital Review Group considered the General Fund Capital Programme on 10 February and have submitted the following proposed future Capital programme for approval

	2013/14 Forecast (£m)	2014/15 Budget (£m)	2015/16 Budget (£m)	2016/17 Budget (£m)	2017/18 Budget (£m)	Total 14/15 to 17/18 (£m)
General Fund Capital Programme						
Adults Services	0.28	0.75	0.17	0.17		1.09
Childrens Services	1.41	3.63	0.68	0.60	0.60	5.51
Libraries	1.96	9.51	3.09	0.87	0.82	14.29
Sport & Leisure	1.08	0.86	1.60	1.27	0.89	4.62
City Management	1.46	2.58	1.48	1.44	1.56	7.06
Housing	0.77	1.14	0.52	0.52	0.52	2.70
Parking		1.50	1.57			3.07
Property	4.65	9.74	25.05	11.15	3.43	49.37
Finance & Operations	2.56	2.53	1.68	1.83	1.70	7.74
Corporate Risk Contingency		5.00	5.53	5.18	5.73	21.44
Built Environment	12.18	12.52	13.22	13.50	13.92	53.16
	26.35	49.75	54.55	36.50	29.15	169.95
Slippage at January 2014		4.65				4.65
	26.35	54.40	54.55	36.50	29.15	174.60
Funded By:						
Capital Receipts	(5.42)	(12.50)	(54.55)	(24.15)		(91.20)
(Internal) Borrowing	(20.93)	(41.90)		(12.35)	(29.15)	(83.40)
	(26.35)	(54.40)	(54.55)	(36.50)	(29.15)	(174.60)
Housing Revenue Account:						
Catch up Works	0.00	2.50	2.50	2.50	2.50	10.00
Future Major Repairs	14.23	39.35	38.13	37.18	34.58	149.23
Estate Works	1.00	1.00	2.00	2.00	2.00	7.00
Related Assets	0.00	0.00	0.23	0.23	0.23	0.68
Contingencies	0.00	0.00	0.00	0.00	0.00	0.00
Disabled Adaptations	0.87	0.85	0.85	0.85	0.85	3.40
Exceptional Extensive	3.20	2.80	2.80	2.80	2.80	11.20
Environmental Improvements	0.00	0.00	0.00	0.00	1.00	1.00
Capital Programme	19.31	46.50	46.50	45.55	43.95	182.50
Lisson Arches	0.70	7.88	5.80	4.48	0.06	18.23
Penn & Lilestone	0.87	0.02	0.33	0.23	0.23	0.81
Cosway	0.22	0.38	0.00	0.00	0.00	0.38
Luton St	0.45	0.59	3.93	0.00	0.00	4.52
Capland Street	3.14	0.00	0.00	0.00	0.00	0.00
Westbourne Phase 1	0.63	0.80	0.41	3.41	0.43	5.05
Westbourne Phase 2	0.00	0.00	0.00	0.00	0.00	0.00
Tollgate Gardens	5.15	5.31	3.44	7.06	0.00	15.81
Ebury Bridge	2.32	17.47	15.40	0.49	0.35	33.71
Parsons North	0.20	0.19	0.61	1.57	0.00	2.37
Purchase 23 Decant Properties	5.00	6.75	0.00	0.00	0.00	6.75
Regeneration Schemes	18.68	39.39	29.92	17.24	1.07	87.63
Non Delegated	2.65	2.50	0.00	0.00	0.00	2.50
Edware Road Development	0.00	10.00	0.00	0.00	0.00	10.00
Other	2.65	12.50	0.00	0.00	0.00	12.50
	40.64	98.39	76.42	62.79	45.02	282.63
Funded By:						
Major Repairs Allowance - Revenue	13.00	13.00	13.00	13.00	13.00	52.00
Lessee Contributions	7.40	9.56	9.06	10.47	12.20	41.29
Capital Receipts	2.00	35.54	23.27	39.32	19.83	117.96
HRA Reserves	18.24	40.30	31.09	0.00	0.00	71.38
	40.64	98.39	76.42	62.79	45.03	282.63

Housing Revenue Account

Schedule 12

The proposed HRA Revenue Budget is set out below:

	2013/14 Budget (£,000's)	Changes (£,000's)	2014/15 Budget (£,000's)
<u>Income</u>			
Business Income			
Rent income - dwellings	(71,979)	(3,546)	(75,525)
Rent income - sheds & garages	(1,120)	0	(1,120)
Tenant service charges	(3,024)	219	(2,805)
Lessee income	(9,618)	96	(9,522)
Total Business Income	(85,741)	(3,231)	(88,972)
Other Income			
Corporate Property Income	(7,976)	0	(7,976)
Heating & hot water charges	(3,165)	(0)	(3,165)
Pimlico District Heating Undertaking charges	(3,179)	1	(3,179)
Collection allowances	(795)	(113)	(908)
Costs recovered on sale of dwellings	(27)	0	(27)
Miscellaneous	(578)	(29)	(607)
Total Other Income	(15,721)	(141)	(15,862)
Total Income	(101,462)	(3,371)	(104,834)
<u>Expenditure</u>			
Total Management Costs	31,400	(1,560)	29,840
Total Special Services	9,692	309	10,001
Total Repairs	19,840	(199)	19,641
Total directly managed costs	60,934	(1,453)	59,482
Total Council overheads and non-delegated budgets	8,608	38	8,646
Other miscellaneous expenditure/income			
Major works lessees income	(10,262)	820	(9,442)
Capital financing costs	14,693	(961)	13,731
Depreciation, Deferred Charges & Impairment	22,046	0	22,046
Reversals through the Statement of Mvmt on HRA Bal:	(9,046)	0	(9,046)
Provision for bad debts	1,760	(60)	1,700
Central Contingency	889	56	945
Total other miscellaneous expenditure	20,080	(145)	19,934
Total expenditure	90,341	(2,279)	88,062
Net deficit / (surplus) for year	(11,841)	(4,931)	(16,772)
RCCO funded from HRA			
RCCO funded from Leaseholders major works contribu	26,157	14,138	40,295
Interest on balances	(411)	126	(285)
Net Surplus after Item 8 Credit / RCCO	23,463	9,333	32,796
<i>HRA balance bought forward</i>			
			(84,494)
<i>Net Surplus after Item 8 Credit / RCCO</i>			
			32,796
<i>HRA balance carried forward</i>			
			(51,698)

Annex A - Budget and Performance Task Group (2014 / 2015) meeting notes

Membership

Cllr Edward Baxter (Chairman), Cllr Paul Dimoldenberg, Cllr Antonia Cox, Cllr Tony Devenish

Governance

The 'Budget and Performance Task Group' sits under the Housing, Finance and Customer Services P&S Committee, chaired by Cllr Andrew Havery. In respect of the 2014 / 15 budget preparations, the findings of this group should feed into Cabinet discussions.

Cabinet must take into account any views from the 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.

Meetings

WEDNESDAY 29TH JANUARY - *Committee Room 1*

Attendees

Cllr Edward Baxter (Chairman), Cllr Paul Dimoldenberg, Cllr Antonia Cox, Cllr Tony Devenish

The first meeting was attended by the following officers:

Department	Officers
2014/2015 Budget Overview	Anna D'Alessandro
Office of the Chief Executive Strategy and Communications Legal Services	Anna D'Alessandro Julia Corkey Peter Large
Finance and Operations	Anna D'Alessandro Anil Nagpal
Public Health	Sue Atkinson
City Management & Parking	Leith Penny Anil Nagpal

THURSDAY 30th JANUARY - Committee Rooms 3 & 4

Attendees

Cllr Edward Baxter (Chairman), Cllr Paul Dimoldenberg, Cllr Antonia Cox, Cllr Tony Devenish

The second meeting was attended by the following officers, including John Ogden as Corporate Finance representative.

Department	Officers
Adult Social Care	Rachel Wigley
Children's Services	James Thomas Dave McNamara Tony Burton
Sports & Leisure	Richard Barker
Libraries	Mike Clarke Annelie Drabu
Built Environment	Rosemarie MacQueen Anil Nagpal
Housing and Corporate Property	Ben Denton Dick Johnson Greg Roberts Guy Slocombe Adam Hughes

Annex B - Council Tax Resolution

That the Council be recommended to resolve as follows:

1. It be noted that on 22 January 2014, the Council calculated the Council Taxbase 2014/15
 - a) For the whole Council area as **120,762.46** [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”); and
 - b) For dwellings in the Montpelier Square area as **94.56**
 - c) For dwellings in the Queen’s Park Community Council area as **3,083.27**
2. Calculate that the Council Tax Requirement for the Council’s own purposes for 2014/15 (excluding Special Expenses) is **£45,616,812**
3. That the following amounts be calculated for the year 2014/15 in accordance with Sections 31 to 36 of the Act:
 - a) **£1,316,800,000** 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) **£1,271,150,688** being the aggregate amounts which the Council estimates for items set out in Section 31A(3) of the Act
 - c) **£45,649,312** 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) **£378.01** 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) **£32,500** being the amount of the Montpelier Square Garden Committee special item referred to in Section 34(1) of the Act

f) **£377.74** 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 dwellings in the Council's area as indicated in the table below:

Band		Greater London Authority
A	£	199.33
B	£	232.56
C	£	265.78
D	£	299.00
E	£	365.44
F	£	431.89
G	£	498.33
H	£	598.00

5. To note that the Queen's Park Community Council will be created on the 1st of April 2014 by the Reorganisation of Community Governance Order 2013 made by the Council on 1st October 2013. The Community Council's precept to the Council in accordance with Article 5 of the Order for each category of dwellings in the Council's area is as follows:

Band		Queen's Park Community Council
A	£	29.60
B	£	34.53
C	£	39.47
D	£	44.40
E	£	54.27
F	£	64.13
G	£	74.00
H	£	88.80

6. 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 2014/15 for each part of its area and for each category of dwellings:

Westminster Council Requirement & Special Expenses

Band	Montpelier Square	Queen's Park Community Council	All Other Parts of the Council Area
A	£ 480.96	£ 251.83	£ 251.83
B	£ 561.12	£ 293.80	£ 293.80
C	£ 641.28	£ 335.77	£ 335.77
D	£ 721.44	£ 377.74	£ 377.74
E	£ 881.76	£ 461.68	£ 461.68
F	£ 1,042.08	£ 545.62	£ 545.62
G	£ 1,202.40	£ 629.57	£ 629.57
H	£ 1,442.88	£ 755.48	£ 755.48

Westminster Council Requirement, Special Expenses and Precepts

Band	Montpelier Square	Queen's Park Community Council	All Other Parts of the Council Area
A	£ 680.29	£ 480.76	£ 451.16
B	£ 793.68	£ 560.89	£ 526.36
C	£ 907.06	£ 641.02	£ 601.55
D	£ 1,020.44	£ 721.14	£ 676.74
E	£ 1,247.20	£ 881.39	£ 827.12
F	£ 1,473.97	£ 1,041.64	£ 977.51
G	£ 1,700.73	£ 1,201.90	£ 1,127.90
H	£ 2,040.88	£ 1,442.28	£ 1,353.48

7. That the Chief Finance 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 Chief Finance Officer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised postholder be authorised to act as beforesaid in his stead.
8. That notice of amounts of Council Tax be published.

9. That the Council does not adopt a special instalment scheme for Council tenants.
10. 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.
11. That the Council does not offer payment discounts to Council Taxpayers
12. That the Council resolve to charge owners for Council Tax in all classes of chargeable dwellings prescribed for the purposes of Section 8 of the Act.

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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 that equality impacts have been considered where appropriate. A summary of the screening exercise is set out below. Where necessary, a detailed impact assessment has been carried out.

SEB	Cab	Proposed Budget Changes	Were Equalities Implications Considered	Explain how due regard to the Council's Equality Duty was given as part of the process of decision making.
		Older People Strategy	Yes	This proposal relates to efficiency savings from re-provision of in-house services in the independent sector. Council's procurement processes are adhered to and all Tenderers / potential providers are treated fairly.
		Personalisation	Yes	This is an efficiency saving as service is currently under utilised. There are no specific equalities issues with this saving.
		Placement Review	Yes	This is an efficiency saving arising from contract negotiations. There are no specific equalities issues with this saving.
		Procurement	Yes	This is an efficiency saving arising from contract negotiations. There are no specific equalities issues with this saving.
		Support at Home	Yes	This is an efficiency saving arising from improved business processes. There are no specific equalities issues with this saving.
		Transport Policy	Yes	The savings relate to removing unused budget and efficiency savings from the re-let of Passenger Transport contract. The savings from the re-let of passenger transport have been generated through a competitive procurement process and by combining services to be on a multi-borough basis. There is no impact on the level of service offered to individuals as this is still identified through the assessment process. There will be a change to some of the providers offering 16 seater buses to day centres post the procurement, but this transition will be managed through close working between commissioning, the Transport Commissioning Office and individual day centres. Letters and information updates will be provided to customers of the services and their carers on a regular basis.
		Tri-Borough	Yes	This is an efficiency saving arising from improved business processes. There are no specific equalities issues with this saving.
		Use of Reserves	Yes	The use of existing reserve to smooth the path will not impact on Council's Equality Duty.
		Adults & Public Health Total	-	-
		Adults Services Total	-	-
		Alternative income sources	Yes	Fee's set in collaboration with partners responsible for specific projects. Has no direct equalities impact upon the general public.
		Building Control Income	Yes	This proposed change will contribute towards a reduction in fee levels in order to comply with regulatory framework established by central government for building control authorities.
		Employee Inflation (1%)	Yes	Not a policy change - Anticipated contractual salary uplift for service officers.
		Planning Application Fees	Yes	Additional income relates to fee charges set by central government and is covered by it's own EQIA.
		Built Environment Total	-	-
		Employee Inflation (1%)	Yes	Not a policy change - Anticipated contractual salary uplift for service officers.
		Business & Housing Total	-	-
		Contract Savings	Yes	EQIA undertaken as part of the procurement. Metrics relate to contractual savings.
		Inflation	Yes	Anticipated contractual uplift relating to inflation - not a change in policy
		City Management, Transport & Environment Total	-	-
		Built Environment Total	-	-
		Childcare - interim support budget	Yes	Overall the impact will be neutral. Support will continue to be available at the same level through DSG.
		Children With Disabilities - Children with Disability – Parent Partnerships	Yes	None envisaged as this is a relatively small commissioning exercise.
		Children With Disabilities - Creating a Tri-Borough Head of Disabled Children Post	Yes	None envisaged as this is a management level change.
		Children With Disabilities - Direct Payments implemented and used for all Care Packages across the three boroughs.	Yes	Potential to have a positive impact as service users will have more choice in provision received.
		Children With Disabilities - Rationalising service structures across the three	Yes	None envisaged at this stage, however any potential impact will be monitored as proposals for service reorganisation are

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Children With Disabilities - Tri Borough Children with Disability - Short Breaks	Yes	There could be a positive impact for service users by providing more choice in service provision.
Contract inflation estimated at £800k	Yes	No change in policy - inflation on existing policy decisions
Early Years Advisory Team Restructure	Yes	A more significant restructure and potential impact upon children under 5, so this may require a full EIA when the restructure is taken forwards in January 2014.
Family Recovery - post deletion with no frontline impact expected	Yes	Deletion of one Deputy Service Manager post which has been used as pilot by using a Family Therapist to provide
Looked After Children - Adoption & Fostering trading (trading of adopters to the Looked After Children - Children Residential Care	Yes	No negative impact. Possible positive impact if there becomes a wider pool of adopters and foster carers.
Looked After Children - Complex parenting assessments	Yes	No negative impact expected but will be kept under review.
Looked After Children - LAC Supervised Contact Services	Yes	There could be a positive impact as, as this would be a new procurement. It is envisaged that this would be fully 'fit for
Looked After Children - Revised commissioning of semi-independent	Yes	There could be a positive impact on quality.
Looked After Children - Social Care Legal Services	Yes	Aiming to achieve a positive quality impact in terms of improving the quality of service provision
Play savings with no reduction in service	Yes	Positive impact on quality through combined approach.
Procurement savings – Early Years	Yes	A possible reduction of budget as parental take-up of the service and their financial contributions enable the council to reduce its level of subsidy. No full EIA required.
Procurement savings – Family support	Yes	The equality impact of the various contacts will be evaluated in conjunction with the individual business cases.
Procurement Savings - Information, Advice and Guidance (IAG) for young people with learning difficulties with Destination Tracking	Yes	The impact is expected to be neutral. The reduction reflects planned changes in staffing and business priorities in a range of providers, including administrative efficiencies. Impact will be carefully reviewed through contract monitoring.
Procurement Savings - Passenger Transport	Yes	None envisaged. The savings reflect changes to LA statutory duties in this area. An equivalent duty to provide IAG now rests with secondary schools and is monitored by governing bodies.
Procurement Savings - Young Carers	Yes	Overall impact is expected to be neutral, New contract specified to ensure that journey times are not significantly longer but some clients may have changes in transport provider, passenger escort or route taken. Full impact would be known when contracts are awarded and actual contractors are
Salary Inflation estimated at £200k	Yes	There will be no reduction in service or change to eligibility for service. The contract award to a national provider may result in improved quality of support for young carers..
Children & Young People Total	Yes	No change in policy - meeting the pay award pressure merely maintains existing policy
Childrens Services Total	-	-
Licensing legal budget, re-base budget in line with demand for legal cases	Yes	No equalities impact
Potential increase in cleansing cost recharge for markets etc linked to Ed Argar Street licensing fee review - justification of current T&C fee level	Yes	No equalities impact (cost neutral proposal linked to saving in Cllr Argar portfolio)
Business & Housing Total	Yes	No equalities impact
2014/15 Inflation	-	-
Hanging Baskets - Surplus Budget	Yes	No equalities impact
Household Bulk Collections - charge increase	Yes	No equalities impact. Current concessions continue.
Increase in RMG income	Yes	No equalities impact - revenue generation through enforcement of existing policy/compliance. No specific groups targeted or unfairly disadvantaged.
Landfill Tax Increase (£8 per tonne)	Yes	No equalities impact
Parks - reduce grounds maintenance	Yes	No equalities impact - general reduction across the service no specific groups targeted or disadvantaged
Parks - reduce grounds maintenance	Yes	No equalities impact - general reduction across the service no specific groups targeted or disadvantaged
Reduction in training and supplies & services budget	Yes	No equalities impact
Street Markets - recover waste collection/disposal costs from traders (linked	Yes	No equalities impact (cost neutral proposal linked to growth in Cllr Astaire portfolio)
Trade Waste Charges - increase	Yes	No equalities impact
Transfer from Reserves	Yes	No equalities impact
Urinals and similar PC facilities - no budget allocated	Yes	No equalities impact - maintains existing provision
City Management, Transport & Environment Total	-	-

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	£50k growth to reverse one off Crossrail income windfall in 13/14 (included in 13/14 budget agreement but needs to be flagged)	Yes	No equalities impact
	income Pest Control	Yes	No equalities impact
	Reconfigure Response Warden service	Yes	No equalities impact
	LA03 fee review by Home office, due during May but potentially impacted by hemming decision (provisional estimate, likely to be)	Yes	No equalities impact
	Reduction in community safety commissioning salary budget offset by grant	Yes	No equalities impact
	Community Protection, Premises & Parking Total	-	-
	City Management Total	-	-
	Reduced Contrib to Provisions	Yes	No change in policy - corporate financing to fund all other policy decisions (each considered for equalities separately)
	Finance, Customer Services & Property Total	-	-
	Corporate Items Total	-	-
	City Hall Business Rates Revaluation	Yes	No change in policy - simply a price change
	Council House Rent Income Loss	Yes	Implications already considered as part of Council House re-development - this is simply the consequent (temporary) loss of rent income during redevelopment
	Inflation	Yes	No change in policy - rather the acknowledgement of inflationary cost pressures to maintain same level of service
	Tri-Borough Accom Costs	Yes	Recognising the costs of accommodation for Westminster Staff located in other Tri-Borough premises. Equalities impacts previously considered as part of the move to Tri-Borough
	Uplift in Income - Rent Reviews Etc	Yes	Not a change in policy - rent uplifts are in accordance with already agreed leases or conform to the policy of charging for new lettings on commercial property at market rents
	Finance, Customer Services & Property Total	-	-
	Corporate Property Total	-	-
	Contract Inflation - approx 2%	Yes	Not a change in policy - inflation uplift to continue existing policies
	Community Total	-	-
	Contract Inflation - approx 2%	Yes	Not a change in policy - inflation uplift to continue existing policies
	Estimated Salary inflation in 14/15	Yes	Not a change in policy - inflation uplift to continue existing policies
	Increased Insurance Charges to HRA	Yes	Change reflects actual allocation of 2014/15 charges (existing policy (and statute) requires the correct charges to be made
	Savings from Managed Services	Yes	Contract savings not adversely affecting service delivery
	Savings in Serco contract - Customer Contracts	Yes	Considered as part of the MSP proposals
	Savings in Serco contract - Information Services	Yes	Considered as part of the MSP proposals
	Finance, Customer Services & Property Total	-	-
	Finance And Operations Total	-	-
	Rough Sleeping - Decommission Services no longer Strategically fit for purpose	Yes	As a service delivering a tailored service to individual clients, equalities and diversity have a high degree of
	Adults & Public Health Total	-	-
	Contract inflation - Housing Options Service	Yes	Inflation on contract price allows existing policy to be maintained
	Housing Benefits - Review Bad Debt Provision	Yes	Bad debt provision relates to the efficiency of paying Housing Benefit correctly to eligible households and is then claimed back from central government. The take-up of Housing Benefit is reflective of the local communities who require assistance with housing costs
	Housing Options Service- ICT Telephony	Yes	The annual equalities reports looks at access to housing and housing services with the outcome to ensure they are fair and accessible. Key findings are the use of the Housing Options Service reflects this. The additional spend reflects increased front-line service costs to meet increasing demand
	Housing Options Service- Welfare team etc.	Yes	The annual equalities reports looks at access to housing and housing services with the outcome to ensure they are fair and accessible. Key findings are the use of the Housing Options Service reflects this. The additional spend reflects increased front-line service costs to meet increasing demand
	Salary Inflation	Yes	Inflation does not change existing policy - rather maintain it at the same level of delivery
	Supporting People - Renegotiate Supported Housing Contract	Yes	Westminster commissions a range of supported housing services for a variety of vulnerable groups including rough

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	Temporary Accommodation Strategy	Yes	The annual equalities reports looks at access to housing and housing services and outcome to ensure they are fair and accessible. Key findings are the use of the Housing Options Service reflects this and the provision of good quality affordable and suitable temporary housing will meet the needs of households in housing need
	Business & Housing Total	-	-
	Housing General Fund Total	-	-
	1% Pay increase	Yes	There is no impact on any groups.
	Arts Commissioning ceased	Yes	Steps have been taken to mitigate the impact by giving 12 months notice to groups funding activities for older people, disability groups and vulnerable adults. Additionally the council has and continues to offer advice and information on funding sources and potential partners.
	Church St Libt NNDR increase	Yes	There is no impact on any groups.
	Home Library Service Restructure	Yes	The service is now more efficient as a result of the restructure and therefore the savings do not have any impact on customer groups.
	Income target increase	Yes	This may have a positive impact as additional income will be raised through increasing the provision for nationality checking and offering equal marriage in line with legislative change
	New LMS contract savings	Yes	There is no impact on any groups.
	Premises inflationary costs	Yes	There is no impact on any groups.
	Community Total	-	-
	Libraries & Culture Total	-	-
	Bay sensors maintenance	Yes	No equalities impact - implementation of bay sensors allows us to effectively manage parking space. Information on parking availability will be more accessible to all groups.
	fee increase permits	Yes	No equalities impact - no specific groups targeted or disadvantaged
	fee increase suspension	Yes	No equalities impact - no specific groups targeted or disadvantaged
	Growth of internal management function	Yes	No equalities impact
	increase in casual (bay sensors)	Yes	No equalities impact - no specific groups targeted or disadvantaged
	Net cost pressure on income	Yes	No equalities impact
	ON Street Contract Savings	Yes	No equalities impact
	Paid for Parking - Forecast & Cost Savings	Yes	No equalities impact
	Savings from new BPO & Tech Contract	Yes	No equalities impact
	Community Protection, Premises & Parking Total	-	-
	Parking Total	-	-
	Smoking Contracts Change	Yes	A Joint Strategic Needs Assessment for Tobacco Control was prepared. Based on the prevalence information, the specification was created and targets were set to increase the number of people quitting smoking for those groups where there is greatest health risk.
	Adults & Public Health Total	-	-
	Public Health Total	-	-
	Porchester health and fitness- increase in revenue	Yes	The project involves the expansion of the health and fitness facilities at the Porchester Centre through the utilisation of redundant mechanical and electrical plant space which was previously inaccessible to the public. Groups with a protected characteristic are therefore not affected by this programme of works as the new facility is universal and available to the whole community. The new facilities are fully accessible to those with disabilities and meet the associated Building regulations and 'Inclusive Fitness Initiative' requirements. The delivery of the new project has not resulted in any significant changes to the activity programme or charging policies which both seek to maximise access for the whole community.
	Community Total	-	-
	Sports & Leisure Total	-	-
	Contract Inflation across portfolio	Yes	No change in policy - inflation merely allows existing policy to be maintained
	Estimated Salary inflation across portfolio	Yes	No change in policy - increased budget for pay award to maintain same levels of service
	Savings will be found from cost -cutting on stationary, insignia, printing, and	Yes	These are minor savings resulting from procurement efficiencies - they do not alter existing policy
	Built Environment Total	-	-
	Committee Services - savings from print, refreshment, charity income and miscellaneous Members Allowances	Yes	These are minor savingsw resulting from procurement efficiencies - they do not alter existing policy

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	Contract Inflation across portfolio	Yes	Inflation increase to enable existing policies to be continued unchanged
	Coroner Support - savings to goods/services purchased by Coroners	Yes	These are minor savingsw resulting from procurement efficiencies - they do not alter existing policy
	Coroners Services - additional costs due to legislative changes	Yes	Statutory changes requiring additional staffing resources - no detrimental change to service provision for any group.
	Estimated Salary inflation across portfolio	Yes	Inflation increase to enable existing policies to be continued unchanged
	Increase in external legal income	Yes	No change in policy - this is an expected increase in customer uptake against existing policies
	Inflation in contracts Pensions Admin CRB OH, training EAP etc	Yes	Inflation increase to enable existing policies to be continued unchanged
	Land Charges - increased income following work to market the service and compete more effectively against private search	Yes	No change in policy - this is an expected increase in customer uptake against existing policies
	Managed Services - savings from Serco contract changing to contract with BT.	Yes	The Equalities impacts of this initiative had already been considered as part of the decision to implement MSP - this
	Part year saving on pensions contract	Yes	Contractual savings - no change to policy
	Savings from Managed Services	Yes	The Equalities impacts of this initiative had already been considered as part of the decision to implement MSP - this budget change aligns finances to that earlier policy decision
	Finance, Customer Services & Property Total	-	-
	Contract Inflation across portfolio	Yes	Contract inflation pressure to allow existing policies to be maintained
	Estimated Salary inflation across portfolio	Yes	Salary inflation pressure to allow existing levels of service to be maintained
	Leader of the Council Total	-	-
	Strategic Support Total	-	-
	Grand Total	-	-